

Bachelor thesis

The influence of changing framework conditions on tourism:

The case of the Russian Federation

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Abstract

This conceptual bachelor thesis is an attempt to approach the important question of the impact of the framework conditions on the growth and the development of tourism of a given country. In a first step the relevant political and economic framework conditions for tourism are defined. In a second step, the main forms of systemic, cyclic, structural and stochastic of changes of these framework conditions are analyzed. In a third step, a model presenting the probable impacts of changes of these framework conditions on the growth and the development of tourism of a given territory is presented. This is model is a forth step tested empirically for the case of Russian tourism which is undergoing profound changes in its framework conditions since more than 25 years. The results of the study, which is based on a Delphi survey among recognized experts, prove the importance of the changes of the framework conditions for the tourism of the Russian Federation. The change from the planned to market driven system is still boosting international tourism to and from the Russian Federation despite the dynamics of its changes of conjuncture, imbalances and crises. It also forces the responsible of the tourism sector but also the state and its sub territorial units to put forward tourism friendly framework conditions to develop Russian tourism destinations and make them internationally competitive.

Key words:

International and domestic tourism, framework conditions, systemic and structural change, exogenous shocks, tourism policy

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Introduction

The Russian Federation passed after the end of the Soviet Union from a planned to a market economy and to a new political order. These changes influenced the economic and political framework conditions of the country rapidly and profoundly. They led to a new market oriented but strategic economic policy and a new geopolitical positioning in the world.

The former Soviet Union had a strong industrial structure, which produced essentially for the home and the COMECON market (Encyclopædia Britannica, 2016). The export for the world market was modest since the goods and services were not produced and distributed in a competitive way. The introduction to the market economy led to a concentration of the industrial structure on the raw material sector and to large export surpluses and increased the value of the currency. The building of competitive industrial structures was neglected. The demand and consumption increased because of cheaper imports. The deficit of the balance of trade increased, the domestic prices increased, as did the costs for the non-promoted sectors.

The new organization of the Russian state after having given the independence to its Euro-Asian territories but also to territories, which were historically strongly linked to the country such as Ukraine, led after a period of transition to a change in the field of foreign policy. The Russian state wants to confirm its positioning as one of the powerful nations of the world. It has strengthened its influence on the economic and political development in its direct neighborhood. This brought back a more nationalist foreign policy rather than the former internationalist foreign policy of the Soviet Union, which wanted to change the world order. The recent consequences of these policies are the sanctions, which the Western states put on the international commerce with the Russian Federation.

Tourism is a market driven activity but it depends largely on its interdependent economic and political framework conditions. They cannot be changed by single industries and sectors. They influence their growth and the development. This is particularly the case of tourism which is largely market driven but depends also strongly on good framework conditions. The analysis of the impacts on these framework conditions on tourism therefore matters. Such an analysis is the base for the building of capacities in order to establish a strong horizontal tourism policy in order to create tourism friendly framework conditions.

Problem and research question

Tourism as a whole is a growing tourism sector in Russia. Its major forms follow in general the market forces. Visitors decide in a market economy where they want to go and how they want to spend their money. Destinations and companies putting forward unique attractions can hope that visitors are willing to visit them and to pay for the goods and services local producers offer.

The tourism market is not autonomous. It depends on the relevant framework conditions. Such framework condition can be of different nature. The study focuses on economic and political framework conditions of tourism. They act directly on the behavior of visitors and the business environment of tourism.

Tourism is a complex phenomenon. The economic and political framework conditions can be of different origin. They can influence international tourism in form of exogenous shocks such as the decline of ruble exchange rate or the Western state concerning commercial transactions. They can influence domestic tourism through homemade structural weaknesses, either outside the tourism sector such as lacking know how and risk capital or inside the tourism sector such lacking summer and winter resorts for domestic tourism.

The overall research question is to find out the impacts of relevant economic framework conditions on tourism growth of the Russian Federation. The study wants to analyze these impacts essentially for the national tourism (incoming and domestic) and the international tourism (incoming and outgoing). The study wants to concentrate on the impacts on tourism of the change from planned to market driven economy which are influencing Russian tourism until nowadays. It deals furthermore with the consequences of exogenous shocks due to economic and financial imbalances and crises. Finally, the study wants to give an answer on the question if the framework conditions can stimulate the building of equilibrated tourism structure consisting of incoming, domestic and outgoing tourism.

Main research question

- Will difficult framework conditions be a brake for the exploitation of the huge Russian tourism potential?

Supporting research

- Which are the impacts of transition of from a planned to a market driven economy on Russian tourism?
- Which are the impacts of exogenous economic shocks on the growth on the outgoing and incoming tourism in Russia?
- What are the impediments for the growth of domestic tourism?

Aim and objectives

The aim of the thesis is to study the impacts of framework conditions on tourism growth and development in the Russian Federation. It has an economic focus since it analysis the change of the economic system and exogenous shocks for the tourism economy due to recent political decisions. The study wants to show that a mix of vulnerable international tourism and more stable domestic tourism should be taken into account when it comes to elaborating elements of a strategic tourism policy by the Russian Federation.

Research design and strategy

The present thesis is based on qualitative research, which is often taken as s being inferior to quantitative research (Veal, 2011). To enhance the trustworthiness of the study, the technique of triangulation of data is applied. It consists to look on the topic from more than one source of evidence.

The following sources are used for the thesis:

- Secondary qualitative data from the literature review from the Russian and the Western point of view;
- Primary data gained through the empirical research by using the Delphi method;
- Secondary quantitative tourism data on flows and receipts of international and domestic tourism is taken for the conceptualization of the results of the Delphi scenario.

Outline

The first chapter of the thesis provides the review of the literature and it outlines the development of the tourism in Russian Federation since the beginning of its birth. Taking into account different phases and stages of the development the work highlights major periods in

the history of the Russian state regarding to the tourism matter. Careful historical review gives a chance to follow the development of the soviet tourism policy and its transition into the current state. It explains some facts and characteristics of the modern Russian tourism and it gives the possibility for the further development of this sector.

The second chapter of the work introduces the methodology applied for the current research. It gives the overview on the Delphi research method and it explains the choice of the panellist.

The third chapter presents the result of the Delphi method. This part of the thesis is based solely on the practical data.

Finally, forth chapter of the research gives the possibility to conceptualize the results from empirical and practical parts.

1. Literature review

The first section of the thesis presents the results and findings from the literature review. In this section, were used scientific articles, excerpts from books, dissertations, and electronic resources on topics related to the development of Russian tourism. In addition to the historical overview in the development of Russian tourism it has been used resources affecting economic, political and social aspects of life in the Russian Federation. Versatile view on the current state of the tourism industry helped to assess the image of Russia in the international arena and the country's attractiveness as a tourist destination.

1.1. The problem

The change from a planned to a market economy put forward favorable framework conditions for international tourism in the Russian Federation. The country liberalized its tourism at the border. The outgoing tourism boomed first. Later on, the incoming tourism started to continuously grow.

This positive industrial development of tourism was somewhat dampened in the last years by the framework conditions put forward by the industrial policy of the country. The Russian Federation based its economy too much on the export of raw material to the rest of the world. It got the Dutch disease (Ebrahimzadeh, 2012). It didn't succeed to establish industrial

structures which produce internationally competitive products. The country depends therefore heavily on imports.

In the last two years, geopolitical objectives of the state further weakened the economic framework conditions. The Western states took sanctions against the Russian Federation because of the annexation of the Crimea and its role played in the Ukrainian war. This sanction impacted on the Russian economy and as a whole.

In 2015, the GDP of the Russian Federation decreased by 3.7%. The International Monetary Fund IMF is forecasting a growth of 1% in the current year (BBC, 2016). This sharp decline is the consequence of the international sanctions by the USA and Europe after the Russian invasion of Crimea in 2014. It is also a follow up of the fall of the oil price since August 2014. As a result, the Russian currency lost half of its value and the inflation increased by 12.9% in 2015 (Tanas, 2015).

Tourism suffered from these changing framework conditions. The value of the ruble declined and made travelling out of the country for the Russian population too expensive. It is probable that less tourist will come to visit Russia during the current year. Domestic tourism cannot compensate the losses since it suffers still from structural weaknesses.

1.2. The theoretical foundation

1.2.1. The definition of framework conditions in the economic field

The market forces create wealth. Companies put forward goods and services in order to satisfy the never-ending needs of the consumer for always better products. The state or the states can stimulate or dampen these market forces by their framework conditions.

The framework conditions are all factors, which influence the market structure and processes. There are many economic, social, cultural and ecological factors which can influence the market. The analysis of this thesis is essentially limited to framework conditions set by economic policy and the geopolitical policy of the Federal State of Russia (Figure 1).

Macro-economic framework conditions cannot be changed by a specific industry such as tourism. They are a sort of data for tourism growth. Some of these economic framework conditions are directly linked with tourism growth and development. They form the business environment. Labor market policies, infrastructure and transport policies or education and

research policies influence the business environment which can be favorable or unfavorable for tourism.

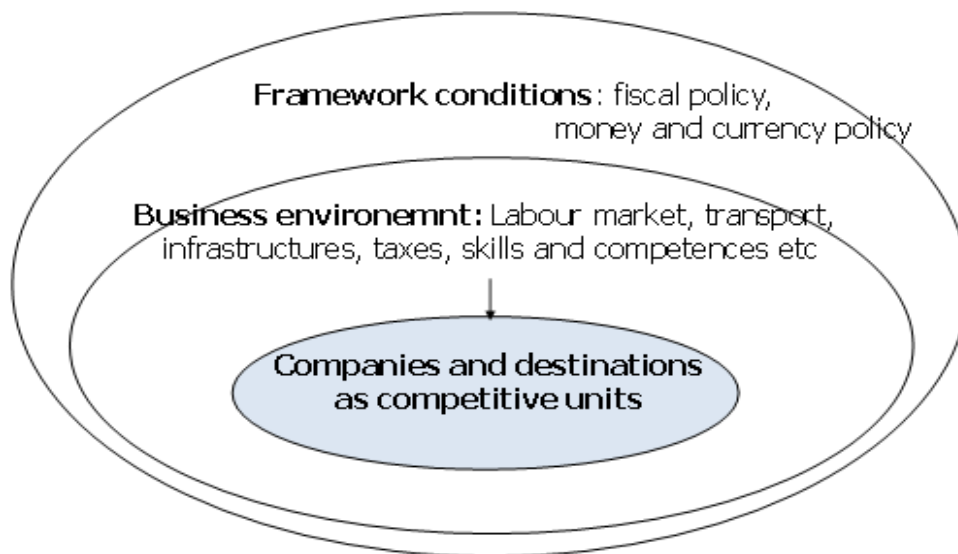


Figure 1 Framework conditions, business environment and companies (Keller, Tourism policy, lecture at the Master of international tourism USI, 2015)

1.2.2. The macro-economic framework conditions

The macro-economic framework conditions such as fiscal, monetary and currency policy matter for the economy. They contribute in the best case to growth and full employment, price stability and an equilibrated foreign exchange policy.

The “uneasy quadrangle” shows what states want to achieve with their economic policy. The first goal is certainly the stimulation of growth. *Steady growth of about 2% is a goal of the economic policy* (Keller, Tourism policy, lecture at the Master of international tourism USI, 2015). Growth can guarantee *full employment* which can be measured by the employment rate. The more the production factors are used for producing goods and services the higher is employment rate. Full use of the existing capacities leads to what is called full employment. The creation of attractive and well-remunerated working places for everybody is the highest goal of economic policy.

Price stability which means moderate inflation of not more than 2% is another goal. It wants to guarantee healthy growth. There are period of relative price stability such in the last two decades known as the “Great Moderation”. There is often too much inflation when

growth is strong and a shortage of production is making the prices increase. Actually, there is a period of deflation in advanced economies. The “quantitative easing” due the massive injection cheap money by the Central banks led to a decline of prices for goods and services but also to very low or even negative interest rates.

Another important economic goal is *the foreign exchange equilibrium which the market achieves in long run itself*. The equilibrium is achieved if the export minus the imports, multiplied by 100 and divided by the nominal Gross Domestic gives a result of 0. Export of goods and services such as tourism goods and services injects fresh money into the business circle of a country. It gives to a country the possibility to import more in order to buy goods and services it cannot produce itself in a profitable way. Division of work and foreign trade allow modern people all over the world to buy always more and more sophisticated goods and services.

The term „uneasy quadrangle“ is due to the fact that the individual goals are often conflicting. Full employment can lead to higher inflation since there is a strong demand for production factors which makes the prices increase. Higher inflation can impact on currency rates which go down in countries with significant inflation.

1.2.3. Systemic and structural changes of the framework conditions

The framework conditions are rarely stable. Markets are always chaotic and open to their results. The multitude of decentralized decision-making is a source of innovation which destroys existing structures. New products and services are changing permanently the economic structure. Market driven economies with liberal framework conditions and social welfare survive the best in such an environment.

Fundamental system changes due to economic policy concepts impact strongly the framework conditions. An example for such changes is the transition from planned to market driven economies. The period of transition is mostly long and marked by all kind of slowing down factors such as slow growth, weak currency or unequal distribution of wealth which influence in short time the conjuncture and in the longer term the speed of growth.

Structural changes have to do with the fact that products or industries are no longer successful on the market. They disappear and are in the best case replaced by other products and industries. *Industrial policies contribute to maintain outdated structures.* They make the

market economy insufficient. They are costly for the taxpayer. They do not contribute growth and employment in the long run. They are an impediment for change.

The permanent adaptation to the needs and preferences of the visitors is a prerequisite for successful tourism growth. Industrial policies maintaining old industries are inefficient and slow down change. The dependence on one industry such as the oil and raw material industries leads to mono structures and to the absence of new industries.

1.2.4. The dependence of tourism on the overall economic growth path

Tourism is not an autonomous industry or sector. It depends on the growth path of the economy as a whole. It follows the fluctuation of the overall demand of the economy (conjuncture) and the long-term trend of the supply (growth).

Tourism is more dependent on the conjuncture than other sectors. If there is a boom, tourism increases stronger than the average of an economy. If there is a recession (two trimesters with declining growth), tourism suffers more.

The always higher integration of the world economy led particularly in the new millennium to *a proliferation of exogenous economic shocks in form of crises which occur always more frequently and in shorter interval*. Exogenous shocks are strongly changing framework conditions on which the tourism sector has no influence. They lead to crises such as the oil crisis, the financial crisis, the Euro crisis or the crisis of the ruble.

Tourism is very vulnerable to crises but recovers in general in a short period. It is resilient to crises when its structures function well. In the other case, when tourism structures are outdated, crises can make last crises longer and weaken in more significant way tourism structures.

1.2.5. Modern welfare states impacts strongly on the economy

The framework conditions matter always more since the modern welfare states are growing. Their parts of the GDP are even in liberal market driven economies such as the United States of America or Switzerland about 40%. In the European Union states, the part of the state which is based on the collection of always more taxes and fees, is even higher and amounts from 50% upwards of the GDP.

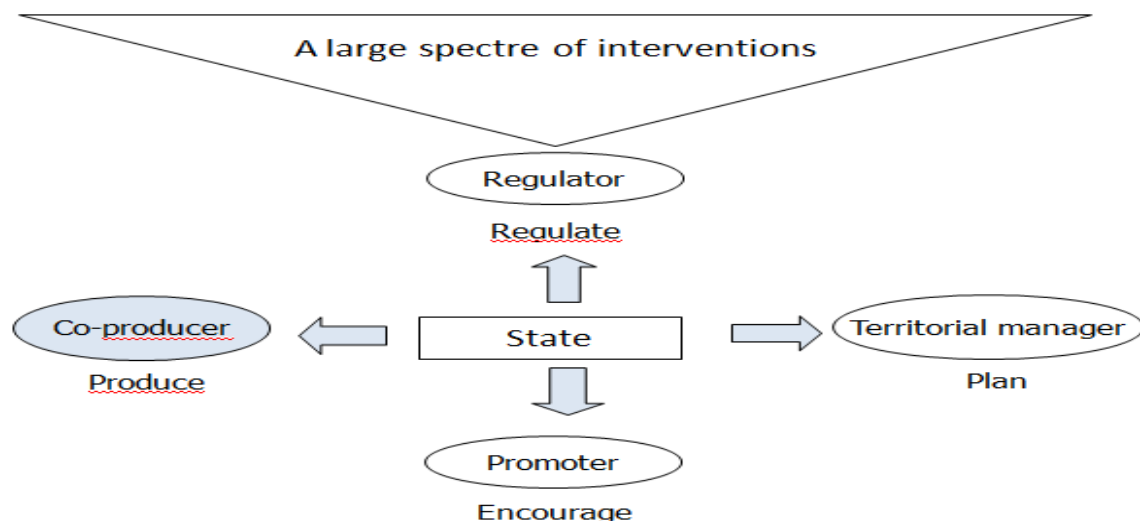


Figure 2 Tourism related policies in welfare states (Keller, Tourism policy in advanced economies: How can it be effective and efficient? Tourism review , 2015)

In the field of tourism, the omnipresent state is *a co-producer of goods and services, a territorial manager, a promoter and also a regulator of tourism* (Figure 2). It provides as a co-producer tourism related destination goods such as protected landscapes or traditional cities and monuments. It puts forward infra- and transport structures. As territorial manager, it regulates the use of the territories ground and space and gives allowances for tourism related buildings, transport-, sports- and leisure facilities.

A large specter of state interventions such as personal border and custom control, visa fees or visitors taxes, regulations in the field of tourism related industries such as civil aviation or rules about hygiene in hotel kitchens. The dampening regulations impacts on tourism are partly compensated by the measures for promoting tourism in the form of destination marketing or subsidiary financing of hotels and other tourism related industries.

1.2.6. The importance of horizontal tourism policy

The strong impact of the framework conditions on a specific industries or sectors such as tourism forces the companies, the professional federations and the destination organizations to have a strategy in order to influence the framework conditions in their favor. This is what we call horizontal policy (Figure 3).

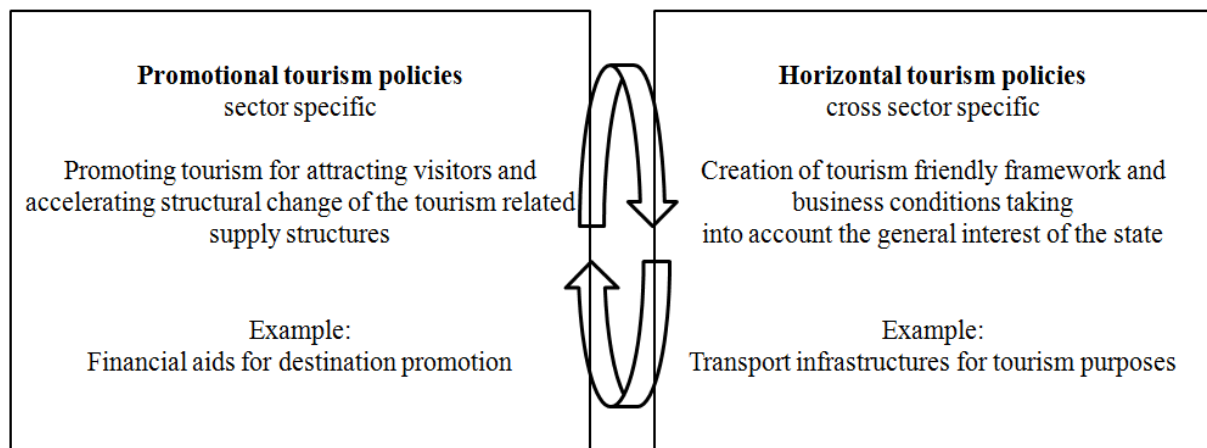


Figure 3 The importance of horizontal policies in the field of tourism (Keller, Tourism policy in advanced economies: How can it be effective and efficient? Tourism review , 2015)

1.3. The case of tourism in the Russian Federation

1.3.1. Tourism in the planned economic system

The framework conditions put forward by the state influenced the actual structure of the Russian tourism market. Tourism became as all the other sector part of the planned economy. The Soviet state fixed the rules under which people could travel. It also determined the structure of the tourism related services, buildings, equipment and installations.

Tourism was not a political priority during the Soviet period. It was not considered as strategic for the development of the Soviet Union. The focus of the economic development was laid first on the creation of infrastructures such as the water way from Moscow to St. Petersburg which serves now as a very successful incoming product, the river cruising. At the same time, the industrialization of the country with heavy strategic industries such as the mining, steel and chemical industry needed developing transport and armament industries.

It was not the aim of the planned economy to develop higher consumer goods and services for everybody. This was not compatible neither with the ideological objective of a state which understood itself as a representative of the working classes. For this reason, tourism inside the country couldn't develop like in market economies where it was since its beginnings a superior good and part of a sophisticated service culture for rich people.

Only a few citizens of the former USSR could travel abroad. Even travelling to satellite countries was limited. The country introduced since the 1930ties exit visa. In the early 1930ties some international cruising was allowed for Russian travellers. Then, outbound

tourism ceased to exist for several years for austerity reasons. A gradual return to the possibility of going abroad began only after the Second World War.

Trade unions allowed employees to travel abroad to stimulate the integration of the “socialist camp” in order to implement an international socialist society. The travellers were selected and included engineers, technicians, agronomists, doctors, teachers, scientists and artists (Chistikov, 2012). These trips were organized by groups with leaders that were responsible for the journey and the cultural programs. The leaders had a control over all the contacts with citizens of foreign countries.

Each Russian tourist had preparations for the trip by reading a special guide called “USSR: 100 questions and answers” (Orlov, 2015). The guide explained the potential traveller in details about how to answer different questions concerning the goals and the ideology of the Union of Socialist Soviet Republics (USSR). During sightseeing excursions the tourists were organized by groups. This was a hidden meaning: the large groups were given guarantees against unauthorized contacts with foreigners. The leaders of the groups wrote detailed reports after each trip, where they described the behaviour of each group member. Any bad tourist’s action could be fraught with the closure of travelling abroad in the future. The concept of bad behaviour included the following: drinking, contacts with the local population, going out in the city on your own without accompanying persons and other things (Orlov, 2015).

1.3.2. The predominance of social tourism in the planned economy

The citizens of the Soviet Union *were not free to leave and to come back to their country.* There was no liberty of movement for travellers according to article 13 of the Universal Declaration of Human Rights of the United Nations (United Nations, 1948). The USSR considered travelling in and out of the country as parts of its sovereignty. The state controlled outgoing tourism for its citizens. Their travelling was essentially limited to the COMECON states and some other socialist countries such as India or states where the influence of the USSR was strong such as Finland. Furthermore, the state allowed only to selected people to travel.

The state didn’t guarantee freedom of travel as an individual and human right. On the other hand, according to the state ideology, *the social right to travel* was recognised by the state. Since the 1970s, the achieved level of development of the country allowed the state to

support social tourism (Putrik Y. , 2008). The rationale for social tourism was the fact that the means of production of tourism related services were owned by the state and the output of the economy was considered as the result of the work of the state through its citizen.

Social tourism was centrally planned and carried out. The state provided recreation and sanatoria facilities to each company operating in a given industry. In general, independent travellers were not able to get a place on vacation without being accepted by the trade unions. This was due to the distribution of the quota between social organizations. The lack of the free choice, free access of the chosen facilities and self-booking were the major restrictions of this kind of social tourism in a planned economy. On the other side, trade union committees of companies paid partially and sometimes wholly for the travelling and the recreation of their employees and their family members at the expense of social insurance and other funds. Social tourism guaranteed to workers at least one vacation with big discounts in a calendar year.

The main organisation of the social tourism was the “Central Council for Tourism and Excursions”. This body didn’t take into account the growing individual interests of the population for diversified tourism related services and products. The Unions completely dictated the supply. By doing this, they paid attention on the development of cultural, educational, advocacy and health functions of tourism. 80% of domestic tourism and 50% of the international tourism exchange of Soviet citizen was social tourism (Kabirov, 2013). The central government stimulated the equal access to tourism related services for everybody. Trade union committees in companies organised travelling. Social insurance funds and resources of the trade unions provided the funding.

Social tourism lost its predominance after the collapse of the USSR and the state's approach to tourism has changed. *Nevertheless, in the years of “Perestroika”, the “Russian Association of Social Tourism” was created.* The Association managed to maintain methods of work of the Soviet period by taking over methods and instruments from social tourism organisations operating in Western European market economies (Putrik Y. , 2008). Currently the Association pays special attention on the physical improvement of the population, on the satisfaction of cultural and spiritual needs for such vulnerable social groups like pensioners, disabled people, large families or students. Nevertheless, many former social tourism institutions became private tourism companies for independent travellers.

The current tourism law of the Russian Federation considers tourism as an instrument for creating business opportunities, income and working places. The law on tourism defines nevertheless social tourism as “tourism which is partially or fully carried out at the expense of budget funds, state extra-budgetary funds and means of employers” (Government of Russian Federation, 2007). Thus the development of social tourism at a new level in Russia has begun.

There are strong reasons to maintain social tourism. *Large parts of the population of the Russian Federation have no opportunity to use tourist services for reasons of low income and lacking travel budget.* According to Rosstat, per capita income in the Russian Federation for the year 2015 amounted to 30,000 rubles (Federal state statistics service, 2015) what is the equivalent of 400 Euros at the exchange rate of beginning April 2016.

Rosstat also indicates the living wage which is about 10,000 rubles per month which represents about 120 Euro (Federal state statistics service, 2016) If we look at the percentage distribution of expenditures, we can see that *only 27 Euros or 7% of the average income per month of inhabitant of Russia falls on the travel costs* (Federal state statistics service, 2015). A huge number of Russians cannot afford travelling inside and outside the country. Social tourism won back its importance in the market driven economy of the Russian Federation as it is developing nowadays, even if there is no return to its former Soviet model.

1.3.3. The actual promotional tourism policy of the Russian Federation

The Federal Government of Russia is promoting inbound and domestic tourism in Russia. In the proceedings of a roundtable titled as "Improving legislative base in the sphere of tourism in the Russian Federation" it was noted that tourism in Russia is dynamically developing sector of the economy. It was also mentioned that these forms of tourism are a significant factor in the implementation of external and internal policy of the state. Therefore, the development of tourism can be considered as one of the important tasks of the government (The Ministry of culture of the Russian Federation Federal Agency for tourism, 2016).

For the Russian government, the development of tourism is important since it gives the country the opportunity to attract direct investment and companies for the further development of its unique attractions in the big tourism destinations. It can also offer business opportunities for small enterprises operating in the hinterland. It stimulates horizontally other sectors of the local economy such as construction, lodging and catering, transport or

production of souvenirs. It plays an important role to solve socio-economic problems by creating additional jobs and income.

The Russian Government accepted in 2011 a federal program for the development of tourism. The program should help to increase the competitiveness of the domestic tourism market, to create conditions for development of tourism infrastructure and to attract investment into the sector. The measures to be implemented aim also at the improving of the effectiveness and the efficiency of promotion and marketing of Russian destinations on the markets and the improvement of the staff training system (Government of Russian Federation, 2011)

The need for the introduction of the program of development of tourism at the state level was due to a number of indicators. In 2009 21.3 million foreign citizens visited the Russian Federation, 15 percent of which arrived for leisure tourism purposes. According to the growth scenarios by the World Tourism Organization, a specialized Agency of the United Nations, the Russian Federation could host up to 40 million foreign tourists (Putrik Y. , 2008). In March 2009 Russia has been ranked only at 59th place out of 133 countries, with the natural wealth of the country estimated at 5th place and objects of cultural heritage estimated at 9th place (Government of Russian Federation, 2011).

The implementation period of the program is divided into two major periods of time. The first period lasted from 2011 to 2014. The main goal of this period was the study of the weaknesses and strengths of the Russian Federation for developing tourism. In addition, this stage included work on the study and evaluation of tourist potential of regions of the country from the point of view of the development of different types of tourism and to develop approaches for infrastructures taking into account the characteristics of the geographic location and climatic conditions of potential tourism regions. In a second stage, selected investment projects will be implemented (2015-2018) for achieving the goals of the program. How will invest the money taking into account the on-going actual economic crises. The government wants to create competitive tourism clusters, which fit to international tourism standards (Government of Russian Federation, 2011).

The idea of the above target program is to raise the consciousness of the Russians about their country, to show the horizons for tourism growth, to show great potential for the development of new territories and areas of business, as well as the possibility of attracting foreign investment and foreign tourists to Russia.

The government is aware that tourism is a significant source of income and employment for the local population which contributes to the diversification of the existing economic pattern. It knows that these positive impacts will only occur when the gap between the local and the international standards of comfort, service quality and convenience is bridged and the basic weaknesses of the Russian Federation's tourism such as lacking infra- and superstructures, poor communication and marketing are eliminated.

1.3.4. The potential of Russian tourism

The potential of a destination at the level of countries, regions or local communities depends on the number and the importance of their attractions. There are natural and cultural attractions such as the Baikal Lake or the Kremlin or manmade attractions such as the Transsiberian Express or the river and lake cruising between Moscow and St. Petersburg. These attractions are destination goods on which tourism related goods and services rely (Figure 4).

The higher and the more important attractions are, the more people visit a destination and the more they are willing to pay for the services offered at that destination (Keller, 2008). The increasing number of visitors allows the local companies to increase their returns through the offering of higher capacities and better service quality. Furthermore, companies at destinations with important attractions and therefore more visitors such as St. Petersburg can profit a well-known brand and from “external economies”. These economies are impacts due to the size of a place. They are agglomeration impacts of which companies operating in destinations visited by many people can profit. Such impacts are e.g. good access through airports and motorways, from cultural heritage or from important sports and leisure facilities and from their urban atmosphere and lifestyle.



Figure 4 The unique destination goods of the Russian Federation (Uroven Tour Petersburg, 2012-2016) (Rossi Tour Spb, 2014) (Federal network company, 2014) (Bestmaps.ru, 2007-2016)

The number and the importance of attractions determine also the size of a destination and the importance of tourism for a country, a region or a local community. It leads to a hierarchy of destinations. The places with the highest number of important destination goods attract more visitors than other places. Big destinations throw a shadow on smaller ones. International visitors first come to the unique attractions of a country. The rich and diversified destination goods of the Russian Federation, together with its specific lifestyle, offer the possibility to satisfy many needs, preferences and motivations of potential visitors.

In the Russian Federation tourism is recognized at the state level is a priority area of the national economy. With its rich cultural, historical and natural resources, the country faces the challenge of creating a modern tourism industry that can attract foreign and domestic tourists. It should also be noted that only 10% of the total area of Russia is favourable for attracting tourists. Most of this area is in the Northwest region with the centre in St. Petersburg. Currently, St. Petersburg ranks 8th in the world on the potential development opportunities of cultural tourism (Kinal', 2008).



Figure 5 Attractions of St.Petersburg (Buran Pars) (Zagranitsa, 2016)

Russia has a huge potential for the development of domestic and inbound tourism. Unique historical and cultural values and natural attractions allow developing many types of tourism: cognitive or sightseeing, research, festival, business, religious, rural, sports, cruise, fishing and hunting, and many other types of tourism. Large scale events such as the world University games in Kazan in 2013, Winter Olympic and Paralympic games in Sochi 2014, world Championships in hockey and football in 2016 and in 2018 will provide an additional impetus to the development of tourism in Russia.

Russia has great potential to attract tourists. This is facilitated by the presence of a variety of climatic zones, rich cultural and historical past of Russia, large undeveloped areas, where wildlife is preserved. Unfortunately, Russia does not fully realize its recreational potential and fairly one-sided use of its resources in this area. All recreational areas can be divided into several groups according to their tourism potential and the prevailing types of tourism.

Because of its geographical position, Russia can not become a mass summer beach holidays and, in addition, it remains lots of problems with tourist infrastructure. However, the country has a potential to become the most in demand among travellers in coming years due to unique historical and cultural attractions and natural values, extreme and distinctive originality.

Russia's territory stretches from West to East by 10 000 km and almost for 3 000 km from Northern latitudes to subtropical areas in the South (Baykov A. , 2008). The diversity of landscapes allows people to develop many types of tourism. Russia has resorts on the Black

sea and Baltic sea, making it suitable for beach recreation, treatment and recuperation. The Far North offers the chance to see the Northern lights and to go to ethnic tours, and participate in reindeer safaris on the Tundra.

The presence of mountains provides opportunities for all mountain activities and Spa treatments in places where there are sources of mineral waters. Deep, wide and long the rivers Volga, Yenisei, Lena are literally made for cruising, fishing, alloys on rafts, catamarans and boats. Sea of North-West region of the country is one of the areas of cruise tourism.

Forests of the Central Russia, foothills of Caucasus, Taiga of Siberia and the Far East are full of animals and birds, which attract lovers of hunting tours. In Russia there are a lot of places with wild virgin nature that creates perfect conditions for eco tours. In the Astrakhan region during the transfer to the place of fishing in the Volga Delta the ranger can show flamingos, pelicans and other rare birds. Horseback riding in the fabulous edge of the Altai Mountains will not leave indifferent lovers of nature.

In recent years there are visible changes in the direction of tourist flow of visitors coming to Russia. More recently, they were concentrated in Saint Petersburg, Moscow and cities of Golden Ring. And two of the Russian capitals took up to 80% of all visitors from abroad. Up to 80% of the tourists still prefer to begin acquaintance with Russia with the Federal city of St. Petersburg (Kinal', 2008).

The Russian Federation ranks today with about 30 million foreign visitors at the 9th place in the statistics of arrivals. Its growth rate of the period after the change of system is strong (World Tourism Organization UNWTO, 2015). The scenario of UNWTO for 1995 to 2020 assume that the Russian Federation will be by 2020 one of the top ten countries for international tourism with about 47.1 Million visitors per year. This would have asked for high growth rates (6.7% for international receipts). The growth of Russian national tourism in the new millennium was less important due to adverse framework conditions and weaknesses in the supply, which doesn't always correspond to the international standards of comfort, service quality and convenience (Ovcharov, 2009).

1.3.5. The rationale for the booming outgoing tourism

The beginning of the “Perestroika” opened the boarder for Russian travellers. *The liberalization of the outgoing regime started.* This means all the citizens got the individual

right to leave the country and to return to it. In the USSR, only trade unions could allocate foreign trips for the Soviet people. Russian citizen could not only travel to attractive destinations that they never had seen. The travel experiences abroad made them aware of the diversity of tourism related products in comparison with their home country. They understood the relatively poor level of comfort, service quality and convenience in Russia.

As a result, *medium class Russian tourists began to visit countries such as Turkey, Egypt, Thailand or Greece by using all-inclusive packages*. They also started shopping tours abroad. That was the beginning of a strong outbound tourism in Russia. The Russians began to travel abroad for studying, for treatment, recreation, for sporting events and shopping. The number of destinations increased which brought incomes to many foreign places and resorts. St. Petersburg hosted in spring 1992 the first tourism exhibition dedicated to international tourism (Kobyak, 2011).

Russia	Share of:		Affinity Index
	inhabitants	overnights	
Moscow	8.0%	59.4%	7.39
Saint Petersburg	3.4%	9.9%	2.91
Volga District	20.9%	9.5%	0.46
Siberian District	13.5%	5.7%	0.42
Ural District	8.5%	3.3%	0.39
Southern and North Caucasian District	16.3%	4.9%	0.30
North-Western District without Saint Petersburg	6.1%	1.7%	0.28
Central District without Moscow	18.8%	5.1%	0.27
Far Eastern District	4.4%	0.4%	0.09

Figure 6 Market shares of Russians visiting Switzerland (Switzerland Tourism, 2014)

The Russian outgoing market seems to cover the whole country. From the macro side, the level of development of places and regions determines this market. In the macro side, outgoing tourism is widespread in the upper purchasing power categories. Moscow and St. Petersburg have the highest market shares of Russians visiting Switzerland (Figure 6).

In parallel, *the deregulation inside the country led to the creation of numerous commercial travel agencies*. They took contact with providers of services in market driven places, destinations and countries. Executives of travel companies started to pay attention to business promotion and destination marketing. They opened new destinations to the Russian market. They took first steps for using information technology. For example, the company "Natalie

Tours" was the first Russian agency which created a website and introduced online booking systems for customers (Morozov, 2004).

To summarize in a nutshell, the change from planned to market driven outgoing tourism was market by the following factors:

- The strong need to see worldwide new attractions of the potential Russian visitors;
- The introduction of the freedom of travel;
- The preferences for superior tourism goods and services;
- The wish for sophisticated comfort, service quality and convenience;
- The offer of all-inclusive packages in Russian currency;
- The expansion of international B to B contacts;
- The increase of the number of travel agencies;
- The increasing number of wealthy Russian people operating businesses, investments and financial transactions abroad.

However, the growth of outbound tourism met with the first major shock related with the sharp depreciation of the Ruble against the US Dollar in 1998. All sectors of the economy suffered during this crisis. Outbound tourism lost its appeal and its enthusiasts from the middle class. Dozens of tourist companies accumulated large losses and went bankrupt. The paralysis of the banking system and the depreciation of the Ruble within two weeks had a devastating effect on small and medium businesses in the outgoing travel and tourism field. This is exactly that social group of the population, which constituted the bulk of travel enthusiasts. The decline of outbound tourism amounted to 24,4% (Gusev & Simonyan, 2016).

Agencies were in a situation where they cannot provide payment to the receiving party. But even a sharp rise in the cost of tourist products associated with the increase in the exchange rate, didn't stop the tourist flow of Russian tourists travelling abroad. They continued to travel to foreign resorts, because the level of comfort, service quality and convenience of the Russian incoming business couldn't meet the needs of those tourists who had experience the service level of advanced tourism economies abroad.

1.3.6. The reason for the growing incoming tourism

The potential of tourism depends essentially on the existing natural, cultural and manmade attractions a country. They determine the willingness of potential tourist to visit a given

destination and the willingness to pay for the visits offered during their stay (Keller, New paradigm for international tourism policy, 2008)

In its historical development, the Russian inbound tourism has passed a number of stages. It is conditionally possible to allocate following stages: spontaneous (pre-industrial), industrial, Soviet, post-Soviet and modern stages.

1) Pre-industrial stage

In the spontaneous stage of its development (before 1700) merchants and diplomatic missions had made their trips to Russia. Despite the fact that Russia has gained integrity and sovereignty, in the eyes of its immediate neighbours (residents of European countries) it appeared as backward and even wild country. This image of Russia was fixed after the official adoption of Christianity and the long period of Mongol-Tatar yoke, slowing down cultural and economic development of the Russian principalities. The gap between European states in Russia there has been in the tenth century and was felt up to the time of Peter.

2) Industrial stage

In the industrial period due to the reform of Peter the Great affected almost all spheres of life Russia became much closer to Europe. Way of life changed under the influence of European trends and principles of development of society. *The popularization of the lifestyle of Western societies in the Russian Empire intensified the trips of Russian aristocrats to Europe and increased the visits of foreigners to Russia.* It intensified business contacts of Russia with the outside world. The Russian Empire was open to foreign investment. It created a favourable climate for foreign banks, insurances and transport companies operating in the country.

In the 19th century, tourism infrastructures and facilities were constructed in the Russian empire. *These tourism structures were also visited by foreigners thanks to the members of the imperial family and Russian aristocracy who were there on holidays.* The cruising industry developed with the innovation of steamships on rivers and lakes of Russia. Cruising is important for Russians but also for foreigners since these times until nowadays. The main types of inbound tours of the industrial stage were a business trip in the capital city, major industrial centres and the famous fairs of the Empire, the Volga River cruises, leisure and entertainment in the domestic resorts. The share of educational and event tours remained

relatively small in the period of time. At those times, Russia was visited by up to 3 million foreigners, the largest shares of which were citizens of European countries (up to 83%) (Putrik Y. , 2014).

A specific feature of the industrial period of the development of incoming tourism in Russia was its elitism and inaccessibility to a wider population. Travel at that time lasted for months, which significantly increased the receipts for those who offered tourism related services. The lack of worldwide uniform information due to imperfect means of communication also hindered the development of the foreign tourism potential.

3) Soviet stage

This period can be divided into the pre-war and post war period of history. Pre-war Soviet period was characterized by difficult living conditions in Russia and Europe as a whole. The world wars of the early twentieth century in Europe expelled the tourism travel needs of the population for a long time. The unstable political situation and difficult economic conditions in most European countries had a very negative impact on the development of international travel, which was an exogenous factor. Furthermore, the image of Soviet power in the eyes of the Western European peoples was of a negative nature. The Europeans viewed the regime as illegitimate, as not conducive to the growth of interest of foreign citizens to visit Russia. *The erection of the “iron curtain” erected after the Second World War around the Soviet empire literally paralyzed inbound tourism for a long time.*

The post-thaw period was characterized by tremendous economic jerks of the USSR in all spheres and sectors of the economy. Since the 1950s, domestic tourism started to develop and was much larger than the incoming tourism. *The majority of visitors of the Soviet Union were residents from socialist countries.* They were tourists from Eastern Europe, East and Southeast Asia, Cuba, as well as tourists from socialist developing countries. Inbound tourism in the twentieth century was characterized by strict planned organisation and centralization of service activities by “Intourist” (Vinokurov, 2004), the major incoming tour operator of the Soviet Union.

The objectives of the foreign visitors were for ideological, scientific and cultural purposes, as well as for health treatment. A real breakthrough in the elimination of popular stereotypes of the Soviet way of life became the Olympic Games in 1980. The enormous efforts made by

the state for the organisation of these games led the interest for Russia as a destination for tourism rise.

4) Post Soviet stage

Perestroika and the ensuing radical changes in the lives of Soviet citizens affected the pace and structure of inbound tourism in Russia. A number of reasons spurred these changes: elimination of the "iron curtain", the legalization of foreign exchange transactions, the development of private business, the government proclaimed a policy of democratic reforms. These measures stimulated the interest to Russia. On the other hand, economic instability, local conflicts shaped unfavourable tourist image of Russia.

5) The current stage of development of tourism

The present situation of inbound tourism market in Russia is characterized by *a steady increase in foreign tourist inflows*. The reason for this growth can be found in the attractions of the country and the favourable framework conditions.

The potential of the Russian inbound tourism can be attributed to a number of reasons. First, *Russia has many touristic resources that are unique*. Second, the promotion of these attractions through the mass media is easy since they are well known and have a good reputation. Third, the Russian culture and lifestyle are popular all over the world thanks to its representatives, historic achievements and to many migrants the country always hosted. Fourth, the workforce in the field of hospitality and tourism is rather highly qualified. Finally, fifth, the formation of the competitive Russian tourist product is quite possibly due to the relatively high qualification workforce. (Taygibova, 2011)

The analysis of the state of the incoming tourism in the Russian Federation shows a constant growth in the last year (Figure 7). Quickly growing demand for tourist services in the country has caused a boom of construction of small hotels, mainly in the resort regions.

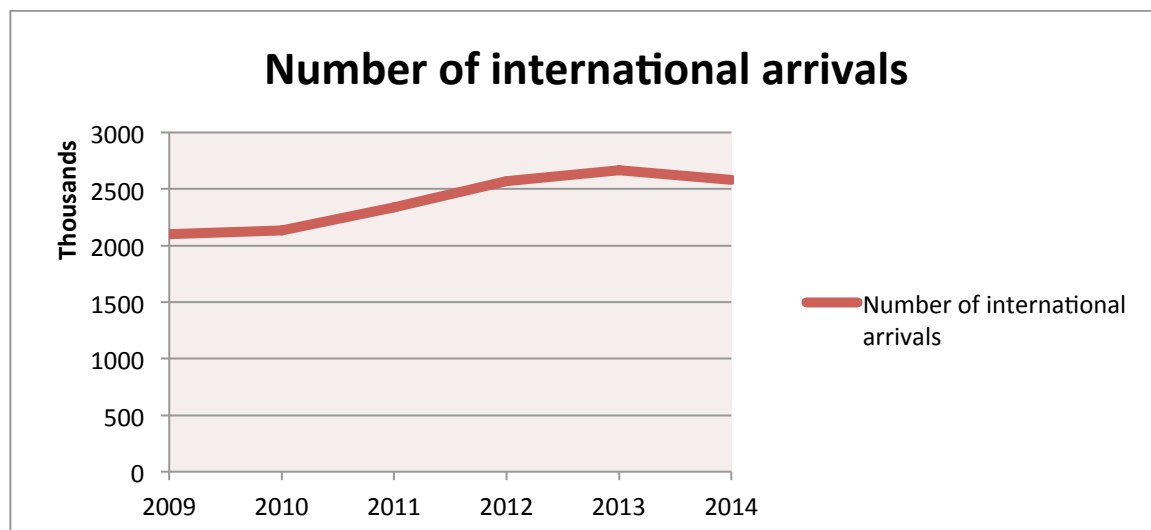


Figure 7 Number of international arrivals 2009-2014 (National statistical service of the BRICS countries, 2015)

Nevertheless, the development of inbound tourism in Russia is hampered today by many factors:

- There is a deficit of positive information about the country and a lack of advertising of Russia in foreign markets. The power of negative stereotypes about Russia as one of the disadvantaged areas, and the impact of anti-Russian sanctions are holding back the development of a positive image of Russia as an attractive tourist destination.
- The accommodation industry is outdated. Only 22% of the Russian hotels comply with international standards and are able to lodge foreign visitors. Experts think that Russia needs the building of an estimated hotel capacity of 500'000 to 600'000 rooms or about 2'000 new hotels. Their construction will require 10 to 20 billion of dollars (Baykov A. , 2008).
- It is also worthwhile to mention the absence of a modern entertainment industry for making the stay more attractive (water parks, theme parks, etc.).
- The problem of bad roads, worn out vehicles and lack of comfortable tourist vehicles has still to be mentioned.
- There is also a lack of experience for the creation of attractive and favourable investment conditions for the development of accommodation facilities and tourist infrastructures at all territorial levels of the government.
- The visa regime for visitors is an impediment for international tourism to Russia. It is costly and somewhat complicated to get a visa for foreign visitors. All these conditions do not stimulate entrance to Russia especially for those tourists who prefer to plan trips few days or weeks in advance (Hilton Moscow Leningradskaya , 2012).

- There is a low level of comfort, service quality and convenience for accommodation, catering and transport. Foreign guides often warn that visitors cannot expect the same hospitality standards in Russia than at home (Baykov A. , 2008)
- In small towns souvenir trade is poorly developed, and in some regions and localities it is non-existent. Even in large cities of Russia such as St. Petersburg and Moscow souvenir trade occurs only in the centre of the city.
- Another significant problem is the lack of language skills and trained sellers. Often the problem of communication of the tourist with the seller is more a process of gesturing or does often not lead to the act of sale.

1.3.7. The problem of domestic tourism

The last twenty years, the Russians perceived the tourism solely as trips abroad, neglecting tourist destinations in the country. But the last few years become a turning point in attitudes and tastes of Russian tourists. The reasons for this may be different. Among them it is worth to highlight the growth of patriotic sentiment in connection with annexation of Crimea to Russia and with the success of the winter Olympic Games in Sochi (Kachurina, Gubanova, & Dimitrova, 2015).

The main problem hindering the development of domestic tourism is the lack of quality of the tourist product within the country. The modern tourist market of Russia requires a new approach to the organization of excursion activities as one of the main tourist products. Tour operators should have their original brand; they have to consider the consumer demand and service differentiation. The birth of new routes leads to new tour facilities, diversity of product.

The government is aware of these problems. *It launched in the last years successful initiatives to boost tourism on the local level.* The Russian Federation was in the last years candidate and host of important sports events which promoted local tourism, particularly for domestic travellers. A good example of this policy was the hosting of the Olympic Winter Games which took place in Sochi in February 2014. They contributed to rejuvenate and to relaunch not only a traditional tourism destination. It attracted mostly domestic visitors for beach holidays in summer and Alpine skiing in winter. This was facilitated by the building of new motorways and high-speed trains. The winter resorts near Sochi are the Russian downhill ski region which can compete with the top Alpine ski destinations in the Alps and the Rocky Mountains (Shpagin, 2014).

The development of this South Caucasian region was, beside the relaunch of the beach city of Sochi a highlight for promoting ski tourism in Russia. For the first time, Russian residents can enjoy similar skiing stays inside the country. From January to October 2014, the region of Sochi hosted more than five million guests. Most of them were Russian residents.

1.3.8. The impact of economic imbalances with its ruble crises of 1998 and 2014

The Russian national tourism, both incoming and domestic tourism, suffered in the last years of exogenous shocks due to adverse framework conditions. These shocks are exogenous in that sense that they are direct consequences of homemade policies. They reinforced existing structural problems of Russian tourism. They also show that tourism depends largely on the framework conditions of a given country.

The change of the economic system and the dependence on the export of raw material combined with the delay of building internationally competitive industries are the reasons for the exposure of the country to high financial risks. Two heavy financial crises due to the sudden decline of the ruble led to strong recessions in the country. The first ruble crises occurred in 1998 and had to do with the partial liberalisation of the Russian currency, which lasted for years and was the beginning of the financial difficulties of the country.

Throughout the 1990s, Russian government spending exceeded their tax revenues, resulting in an increasing federal deficit. The deficit was financed by borrowings and by the printing of more currency, the ruble. In spite of these difficulties, the stability of the Russian ruble during the early 1990s was seen as a major success of the Russian Government.

During this time, the currency, the ruble, operated under a managed float. Under this exchange rate regime, the Russian government had established a range (trading band) within which they would let the currency float. Each day, the Central Bank of Russia announced an official exchange rate for the day (the rate at which they were willing to buy and sell the ruble), with the rates always within the official band. If the rate moved above or below the announced band, the Central Bank would intervene on its behalf.

From 1995 to 1998, Russian borrowers – both government and non-governmental – had borrowed large amounts in international capital markets. This external debt, which denominated in U.S. dollars and was estimated at \$160 billion by 1998, required U.S. dollars for interest and principal repayments. Unfortunately, the U.S. dollars that Russia was earning on its trade and current account surpluses were leaving the country in the form of capital

flight and thus were not available to service this growing external debt. In addition, a global fall in commodity prices, adversely affected Russia's dollar earnings on exports of oil, timber, and gold. Sensing that Russia was running out of hard currency, speculative attacks against the currency ensued (Leeds-faculty.colorado.edu).

The Russian government responded in support of the ruble by repeatedly raising interest rates. By May 27, 1998, short-term rates had reached 150% (in February 1998, these rates were 42%). Despite these high interest rates, investors were reluctant to hold on to the ruble and thus currency flight intensified. In August, 1998, the ruble came under intense speculative pressure. On Friday, August 7, 1998, the Russian Central Bank announced that its hard currency reserves had fallen by \$800 million over the most recent one week period. On Monday, August 10, 1998, Russian stocks fell on fears of a China devaluation of the Yuan which, if it did take place, would hurt Russian exports and U.S. dollar earnings. On Friday, August 14, 1998, President Boris Yeltsin in a speech stated "There will be no devaluation [of the ruble], that's firm and definite." On that day, the ruble traded around Rub6.30/\$ (Leeds-faculty.colorado.edu).

On Monday, August 17, 1998, the Russian Central Bank announced that they would devalue the ruble by 34%, to Rub 9.50/\$. The markets took this as a panic move on Russia's part and continued to sell the currency. The next day, on Tuesday, August 18, 1998, the ruble continued its fall and traded around Rub11.00/\$. On Thursday, August 27, 1998, the Russian Central Bank announced that they had spent \$8.8 billion in the preceding eight weeks defending the ruble. The ruble was now trading at Rub13.00/\$. On Friday, August 28, 1998, the Moscow currency exchange closed after 10 minutes of trading. Faced with accelerating capital flight, the Russian government announced a shift in its exchange rate policy. The new policy included abandonment of ruble support and a move to a floating rate regime (Figure 8) (Leeds-faculty.colorado.edu).

The first major shock for the Russian economy led to a recession and a downturn of the Russian Federation's tour operating industry. The downturn of the banking system within two weeks had a devastating effect Russian tour operators and travel agencies which are mainly small businesses. Their customers, mainly medium-class people, couldn't afford anymore to visit foreign destinations. They got too expensive for them. The Russian outgoing travel declined by 40% (Wheatley, 2015). Dozens of tour operators and travel agencies were faced with big losses and went bankrupt. But even a sharp rise in the cost for travel packages

associated with the increase in the exchange rate, didn't stop the tourist flow of Russian tourists travelling abroad. They continued to travel to foreign resorts, because the Russian tourist service could not meet the needs of those tourists who visited at least one foreign country.

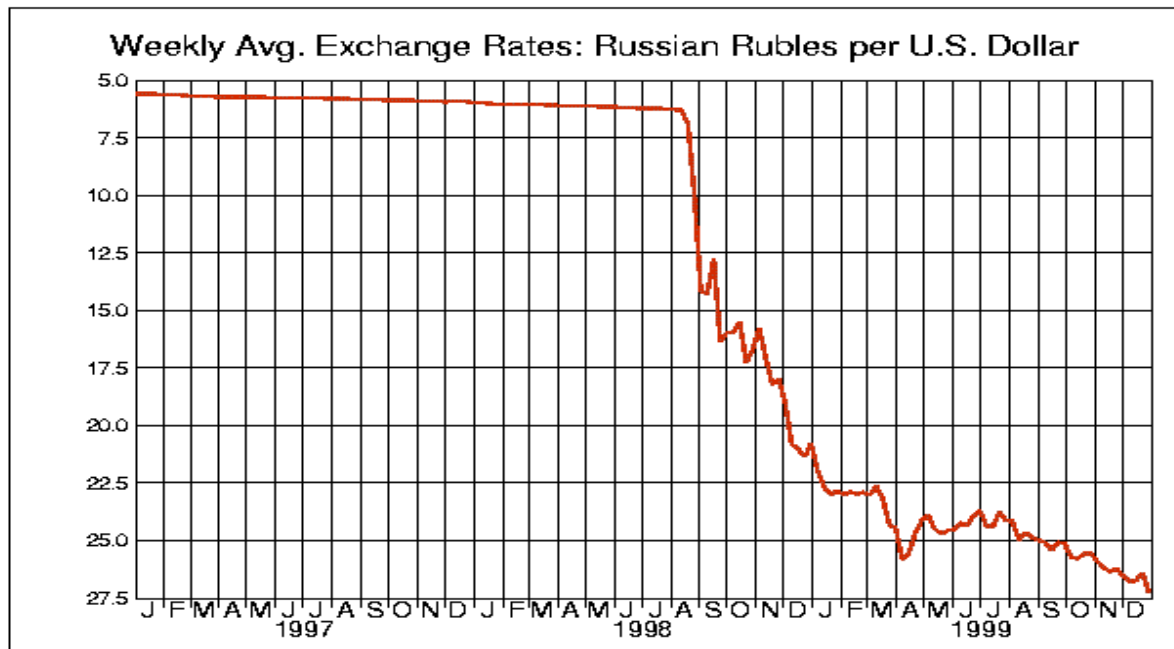


Figure 8 The first currency crisis of the Russian Federation 1998 (Leeds-faculty.colorado.edu)

The collapse of the Russian ruble at the beginning of the second half of 2014 is the result of the on-going economic and financial imbalances of the country. A loss of confidence into the Russian economy let foreign investors to sell of their Russian assets. This led to another sharp decline of the ruble enhanced by the fear of another Russian financial crisis. This loss of confidence had first to do with the decline of the price for crude oil from June to December 2014 on which Russian exports rely heavily. The Russian Federation suffered second from the sanctions imposed by the United States of America USA, the European Union and their allied countries following the country's annexation of Crimea.

The on-going *second ruble crisis* which led also to a recession in country harmed the growth of all forms of tourism. There was a relatively sharp decline in the outgoing business as the example of Switzerland shows, a traditional host country of Russian visitors (Figure 9).

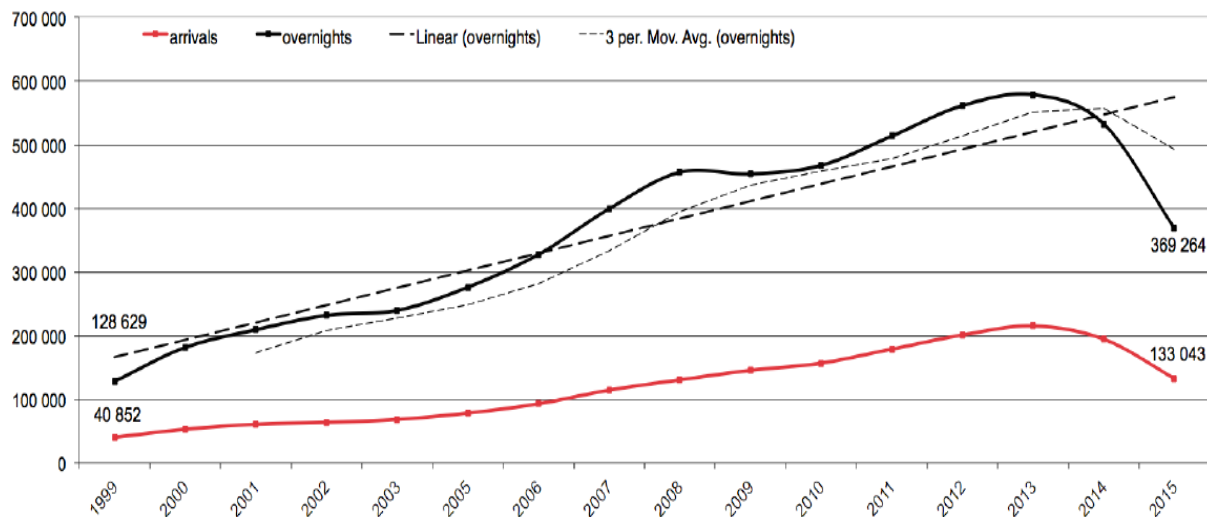


Figure 9 Strong visiting Switzerland since 2014 decline of Russians (Switzerland Tourism, 2016)

1.3.9. The impact of geopolitics on Russian tourism

Geopolitics matters not only for the state as a whole but also for the economy. The annexation of the Crimea and the military presence in parts of Ukraine led to sanctions which the European Union and the United States of America and some of their allied countries took against the Russian Federation. This political act returned to the Russian Federation a traditional sea resort area with 400 kilometres of beaches, which was in former times essentially visited by Russian leisure visitors. In addition to the beaches, Crimea is rich in cultural heritage.

The annexation of the Crimea that was welcomed by the majority of the country's population is expensive. There is a huge need for investment dating from the Ukrainian period. The roads are bad. The decoupling from Ukraine led to a shortage of electric power. A bridge over the strait of Kerch to the Russian mainland must be built for about 3.3 billion Euro. The shortage of goods and services after the annexation led to an average price increases of 80% (Triebe, 2016). The government of the Russian Federation is doing efforts to increase the salaries and the pensions of the Crimea which is poorer than the Russian mainland. For replacing the Ukrainian banking system, had to establish a state near bank system since the private banks are because of the sanctions not willing to look for the supply of money to the Crimea.

Prices and salaries exploded on the Crimea

Nominal average salary in December
in ruble (10'030 ruble = 150 Swiss francs)

Inflation in comparison with the
last year in % on the right scale

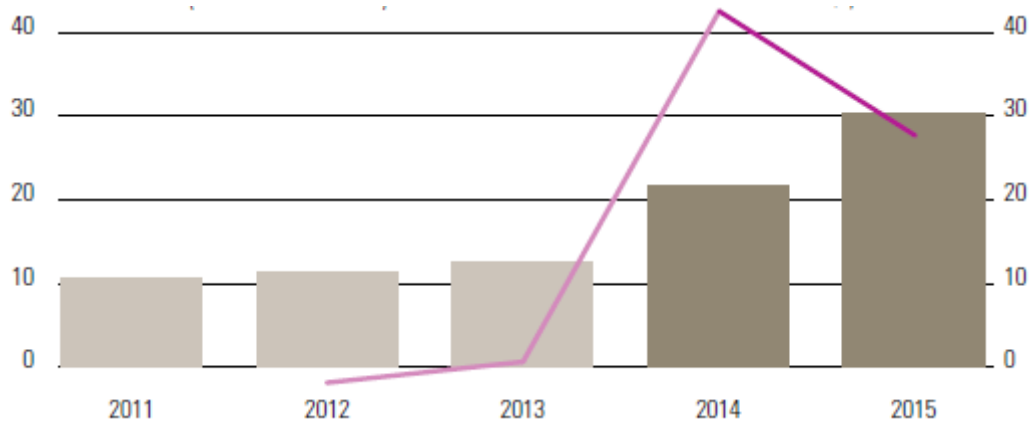


Figure 10 Prices and salaries exploded on the Crimea (Triebe, 2016)

Tourism seems to be in the short term the unique economic sector for the economic recovery of the peninsula. Or, the number of foreign visitors, mainly Ukrainians, declined dramatically after the annexation. In the year 2013, roughly 6 million people visited the peninsula. This number declined to 4.6 million visitors in 2015. The future potential visitors for compensating the losses should come from Russia (Figure 11).

The suppliers of tourism related goods and services of the Crimea do their best for refreshing and embellishing their facilities (Kachurina, Gubanova, & Dimitrova, 2015). But their task is huge since comfort, quality of services and the convenience lag far behind of what Russian visitors expect. Indeed, Russian beach travellers having travelled in Turkey and Egypt are familiar with international standards to which the hotel industry of Crimea doesn't fit. Even President Putin said that the hotels in the Crimea are only acceptable by Ukrainian mining workers.

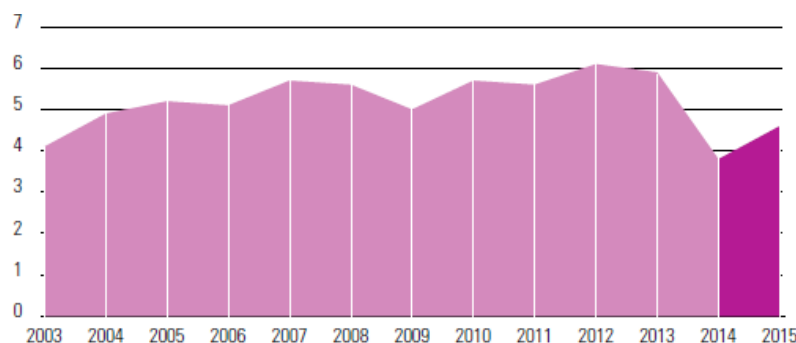


Figure 11 Decline of international visitors to Crimea since spring 2014 (Triebe, 2016)

2. Methodology

2.1. Introduction

The methodology used for this study should answer to the research questions put forward in the introduction. *Based on the literature review, a conceptual framework or model is put forward.* This model is tested by a scenario study applying the Delphi method.

Experts in the field of tourism, practitioners, consultants and scientists will be confronted with an initial statement based on the model which they have to comment. The findings are summarized by the researcher and sent to second or more rounds of e-mail questionnaires until a consensus is found.

The results are then contextualized which means that they are confronted with existing over all trends and figures known about the influence of the framework conditions.

2.2. Triangulation: literature review, Delphi method and contextualization

The present study is based on qualitative research which is often considered as inferior to quantitative research (Veal, 2011). In order to strengthen the scientific validity of the study, the technique of triangulation is applied.

The present thesis is based on qualitative research, which is often labelled as being inferior to quantitative research (Veal, 2011). To enhance the trustworthiness of the study, the technique of triangulation is applied. This method s of looking on the same research questions from more than one empiric resource of evidence.

The present study uses literature review which is qualitative desk research. It proceeds also to a qualitative survey by using the Delphi method. It contextualises the results of the survey by comparing them with existing figures about the overall impacts of the framework conditions on the growth of different forms of tourism.

2.3. The Delphi Method

The Delphi method is appropriate for putting forward scenarios in case of uncertain factors which may impact on tourism. This is the case for this study which deals with the influence of changing framework conditions on the different forms of tourism in the Russian Federation.

The Delphi Method is named after the classical Greek oracle. It is “a procedure involving the gathering and analysing of information from a panel of experts on future trends in a particular field of interest” (Veal, 2011). It has been applied in tourism research with increasing frequency over the past few decades, mainly for forecasting and concept or framework development (Donohoe & Needham, 2009).

The Delphi Method is a qualitative method that tries to achieve an informed group consensus using “sequential questionnaires interspersed with controlled feedback and the interpretation of expert’s opinion”. It is a method that is well suited if face-to-face contacts are not possible, and if exact knowledge and precise analytical techniques are absent.

The Delphi method also has several shortcomings. The design of the study is important. The composition and the choice of expertise of the panel, the clarity of the questions, the management and reporting of outliers, and the administration of the questionnaire have to be conducted very carefully. It is difficult to determine what “consensus” means, and therefore what constitutes the final round of the procedure (Donohoe & Needham, 2009).

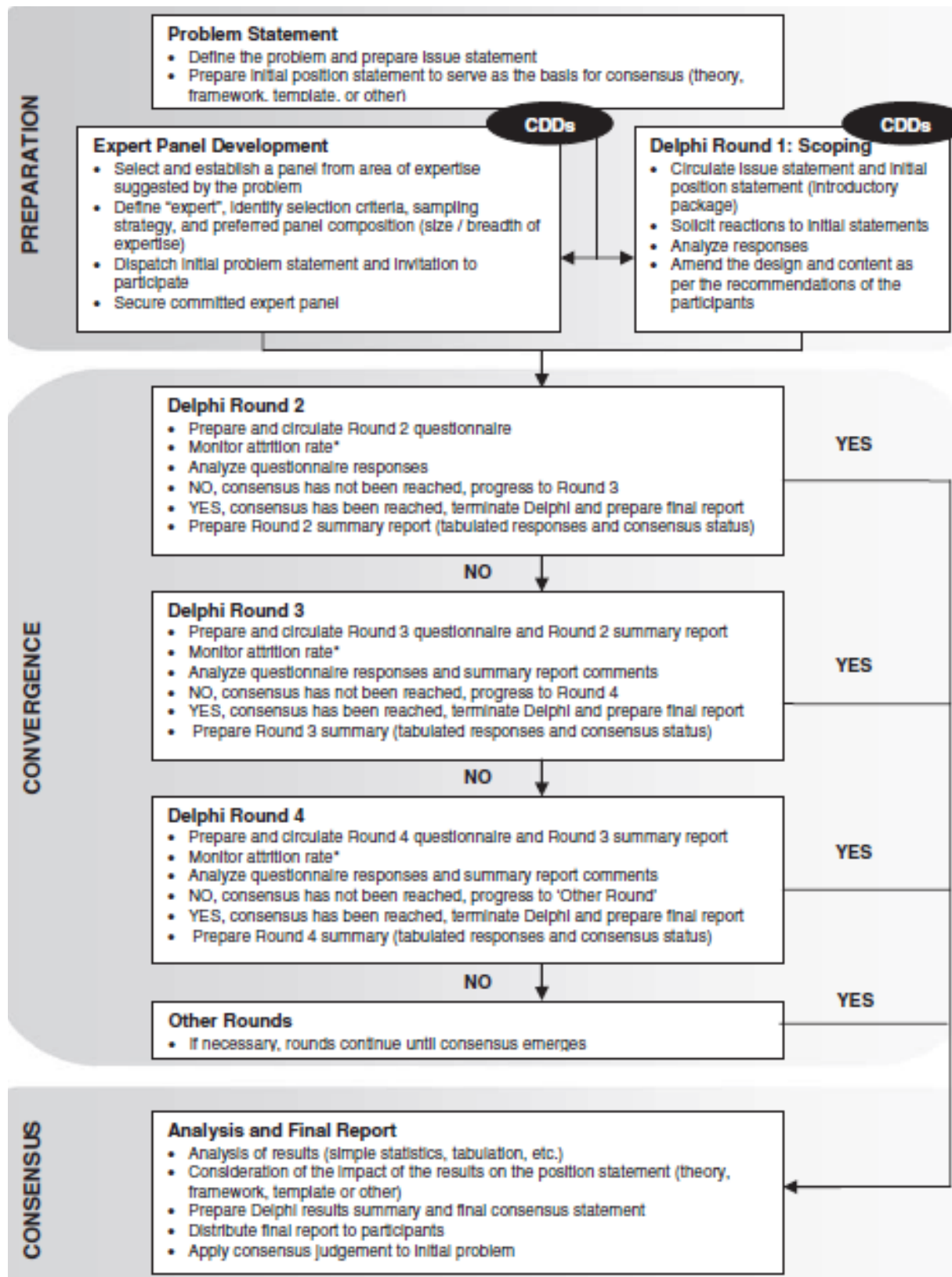


Figure 12 The procedure of Delphi surveys (Donohoe & Needham, 2009)

First, a panel consisting of a sufficient number of experts need to be chosen. After this selection, the experts receive an invitation letter with a briefing about the research and the problem which should be analysed. The first round consists of an open questionnaire which

is based on the literature review. A sample of the questionnaire can be found in the appendices. The responses are then analysed and summarized by the researcher.

During the second round, the participating experts are given a summary of the results of the first round to review and comment on. Simultaneously, a second questionnaire including is handed to them. This procedure is repeated round after round until an acceptable consensus can be found. The process is concluded with the final analysis, interpretation and reporting of the findings. The outcome is also shared with the participants. An outline of the whole procedure can be found in the following overview by Donohoe and Needham (Figure 12).

2.4. The selection of the experts

The selection and the functioning of the expert panel are crucial for the success of the Delphi approach. The number of experts as well as their level of expertise can influence the result of the study significantly.

For this study, practitioners being directly involved in the consequences of changes in the framework conditions are included in the Delphi panel. The number of experts chosen will be five. Scientists are of the opinion that limited panels fit with studies having a forecasting character (Brockhoff, 1975).

2.5. Conceptual Framework

Taking into account the results of the literature review, there are *three major types of framework conditions, which influenced the major forms of Russian tourism* in the last three decades. They will probably also mark or even determine the future growth and development of tourism in the Russian Federation.

The first type change of framework condition is *the systemic change due to the transition* from planned to market driven economy. The state guaranteed the Russian population the freedom of travelling with the right to choose the destination and the bundles of services to consume. The system change led to booming outgoing tourism and growing incoming tourism. It still influences the way Russian tourism is growing.

The second type of change of framework conditions influencing tourism is due to *the internationalization of Russian tourism*. Outgoing tourism started to boom. Incoming tourism

grew steady. The price of the internationalization is the exposure to exogenous crises. They are essentially homemade. The causes were changes in the financial and geopolitical framework conditions.

The third type of change of framework conditions influencing tourism is *structural imbalances and weaknesses of the Russian economy*. They influence the incoming and domestic tourism whose potential cannot be developed due to the often outdated infra- and superstructures and the lack of service culture.

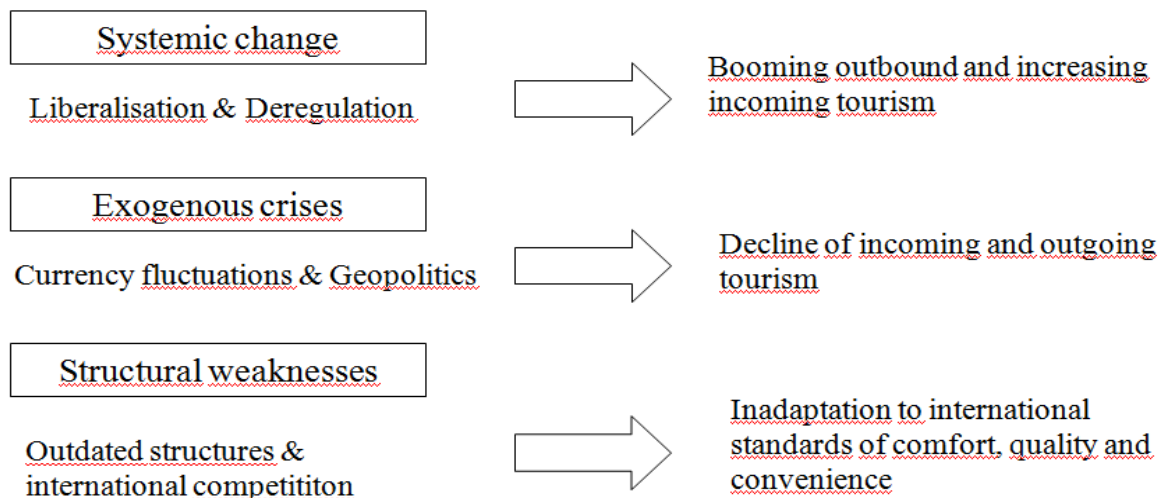


Figure 13 The conceptual framework as basis for the Delphi survey

3. Results

3.1. The panellist of the Delphi survey

We have invited 5 panellists to participate in the Delphi survey. They all know very well Russian tourism. They have largely the interdisciplinary knowledge in order to evaluate the future of the Russian tourism. The panellists have macro-economic and marketing management competences. They know also the international tourism environment.

The aim of the survey is to come to consensus among the experts in order to conceptualize the final ideas about changing conditions for Russian tourism. The word “consensus” might be understood as following: it is “a general accepted opinion or decision among a group of people” (Cambridge University Press , 2016).

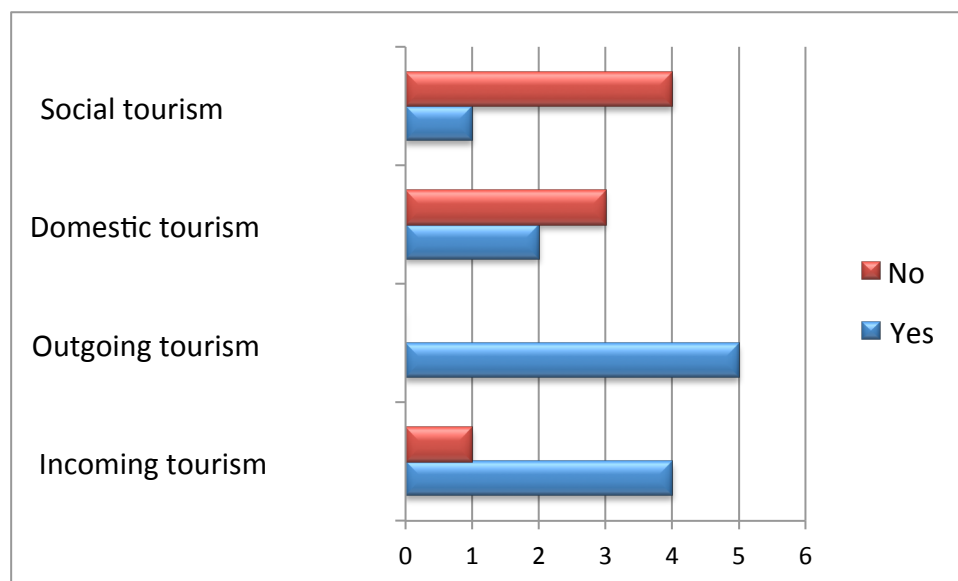
The list of the panellists is the following:

- Nikolay Bukereev, General Director, Travel Agency "Good Time Travel company", St. Petersburg
- Gordin Valeriy, Professor, Deputy Director of the Higher School of Economics, State University of St. Petersburg , Head of the Laboratory of Cultural Economics, St. Petersburg
- Irina Kushnikova, General Director, Travel agency "Neva-7", St. Petersburg
- Dmitry Shpagin, MBA, Msc. Economics, USI, Entrepreneur in the Gastronomic Industry, Moscow
- Natalia Vart, General Manager, Swiss National Tourism Office, Moscow

3.2. First round of the Delphi survey

The questions and the answers of the First Round of the Delphi Survey are listed and summarized by the following slides and comments given by the experts.

Question 1: Did the change from planned to market economy stimulate all forms of tourism?



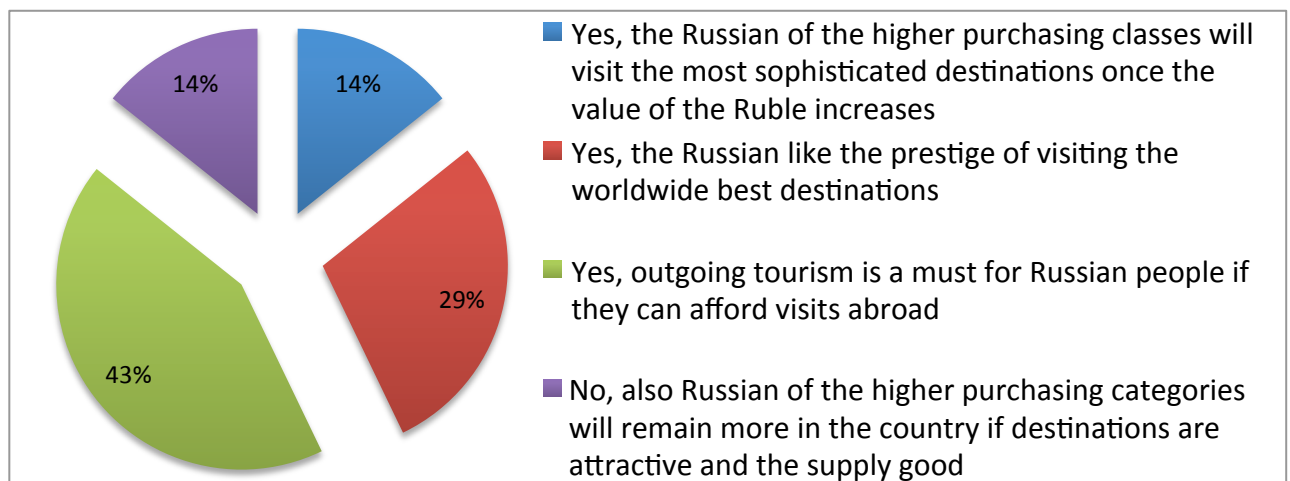
The change from a planned to a market driven economy is seen as a stimulating factor for tourism, particularly for incoming and outgoing tourism. In the case of incoming tourism, one expert mentioned that the changes in the available income of potential foreign visitors are as important as the change of the economic system.

The direct influence of the introduction of market economy on domestic and social tourism was judged as not strong since these two forms of tourism were well developed in the former planned economy. An important point of view expressed was that the former USSR was much

bigger than the actual Russian Federation and had therefore from a statistical point of view more domestic tourism.

An interesting point was raised for social tourism. It was said that social tourism lost its popularity with the opening of the borders which made foreign destinations more affordable for many people.

Question 2: Will outgoing tourism, the visits of Russian residents abroad grow again strongly once the Ruble crisis is over?

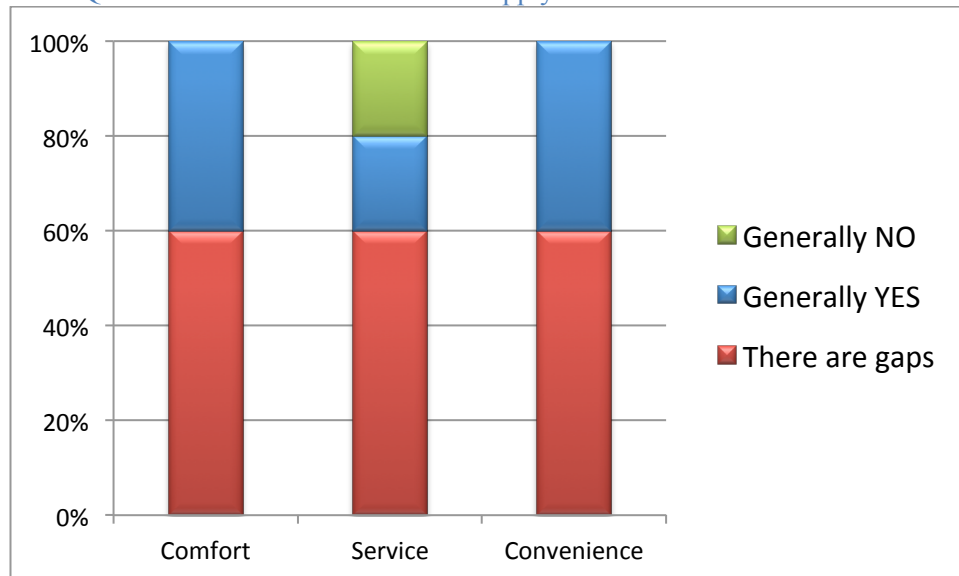


There is unanimity that the ruble crisis didn't influence strongly the behaviour of those Russian travellers who can afford prestigious trips. The group of these visitors which is used to travel abroad and which lives in general in economically strong agglomerations, declined only by a one digit percentage in the most of its preferred destinations.

It is said that the middle class travellers reduced significantly their trips to more expensive destinations. They stayed at home but not only because of the ruble crisis. They also stopped to travel for security reasons. This concerns foreign destinations such as Turkey or Egypt.

Russian outgoing tourism is supposed not to weaken in the long range, also because national tourism (incoming and domestic) cannot always fit to international standards of comfort, service and convenience. High quality supply in the field of tourism is considered as cheaper abroad as in Russia. This is an important reason for the lower and middle classes to travel abroad.

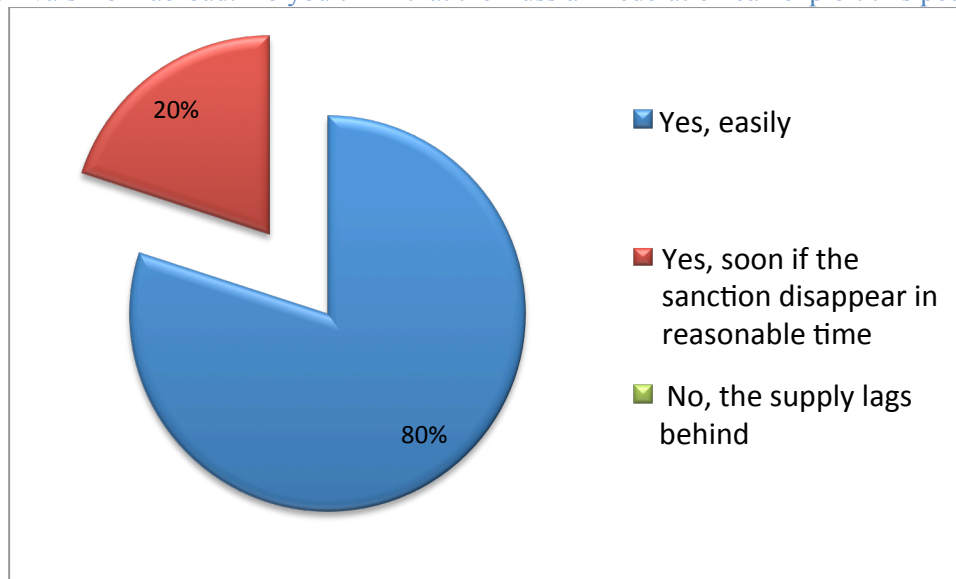
Question 3: Can Russian tourism supply fit to international standards?



Coming to the question of international competitiveness of the supply, experts are of the opinion that Russian tourism is very diverse and offers different levels of comfort, quality and convenience. Some have international standards but they are normally very expensive and not affordable for the Russian middle class.

The experts think that Russian tourism supply will need a long period for competing with the best Western European quality standards. One expert speaks about decades which would be necessary for Russian tourism to become on a larger scale internationally more competitive. There is an urgent need to improve the transport infrastructure (inbound flights, rail and bus connections), accommodation and restaurants.

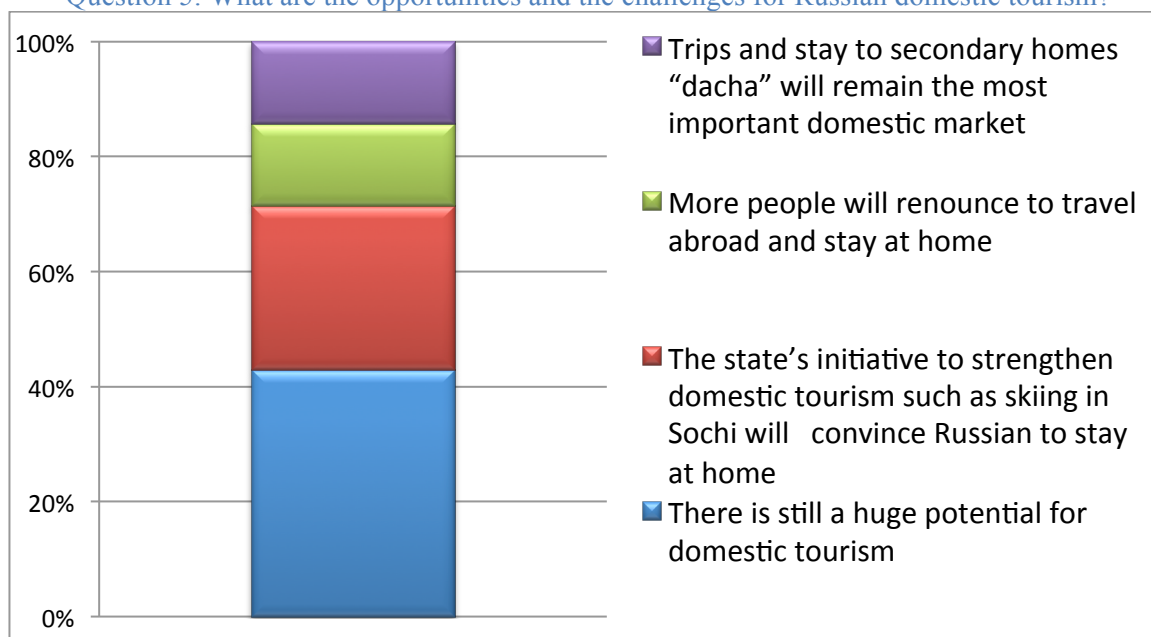
Question 4: The future scenario of World Tourism Organisation UNWTO counts with 40 million arrivals of international visitors in Russia for 2030, today there are about 30 million international arrivals from abroad. Do you think that the Russian Federation can exploit this potential?



Despite the quality problem, all experts agree on the optimistic incoming scenario of UNWTO on future growth of Russian incoming tourism. They think that it will be easy for Russia to increase the number of foreign travellers from now 30 to 40 million people in 2030.

In the short term, the low value of the Ruble will make travelling to Russia cheaper for people who don't care about politics. Russia with its important natural and cultural resources and its authentic lifestyle has an important tourism potential and a corresponding appeal for foreign visitors..

Question 5: What are the opportunities and the challenges for Russian domestic tourism?

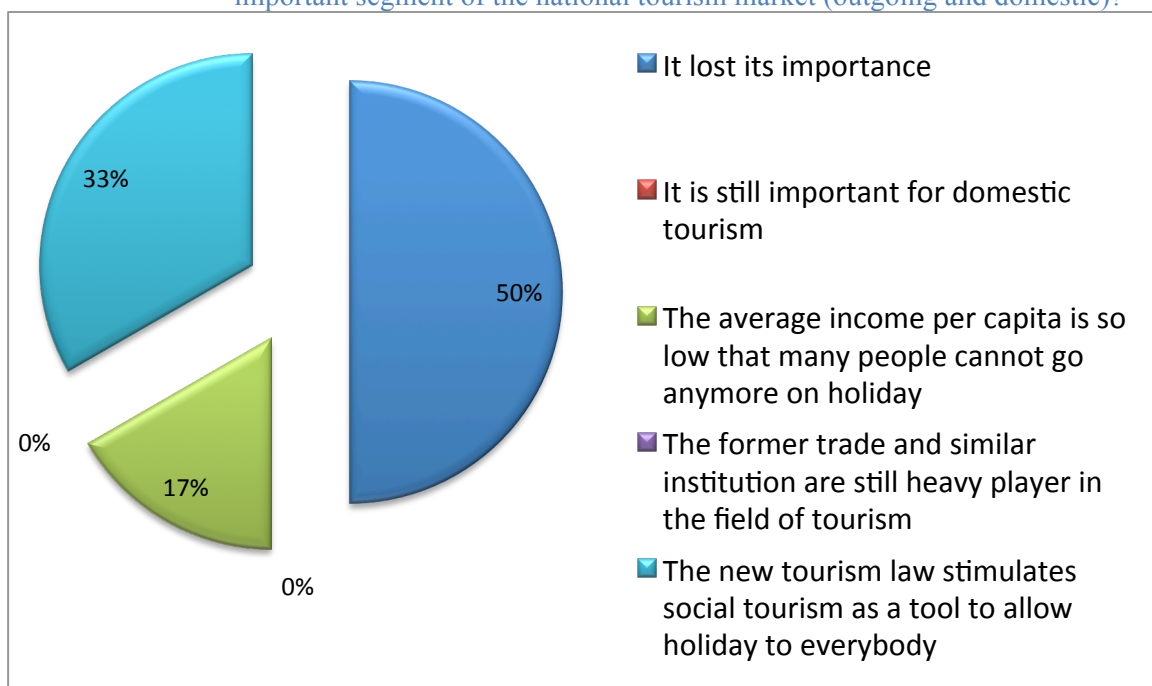


The experts considered the potential of domestic tourism as high. This is particularly the case for famous destinations like St. Petersburg, the Golden Ring or Sochi.

The tourism infrastructure and the supply of services in the provinces is not considered as sufficient. The experts think that prices for travelling inside the huge country are too expensive. A trip from St. Petersburg to Siberia is more expensive than a trip to Western Europe. There are nevertheless experts who think that the Federal state should help to rejuvenate or develop places and regions with tourism potential such as it did for Sochi by being host of the Olympic Winter Games.

One expert pointed out that there is no local will for developing domestic tourism since “Dachas” covers largely the needs for those who want to stay in the country. Furthermore, the willingness to develop tourism is often not existent in places and regions with industrial and agricultural cultures.

Question 6: What does social tourism contribute to strengthen domestic tourism and is it still an important segment of the national tourism market (outgoing and domestic)?



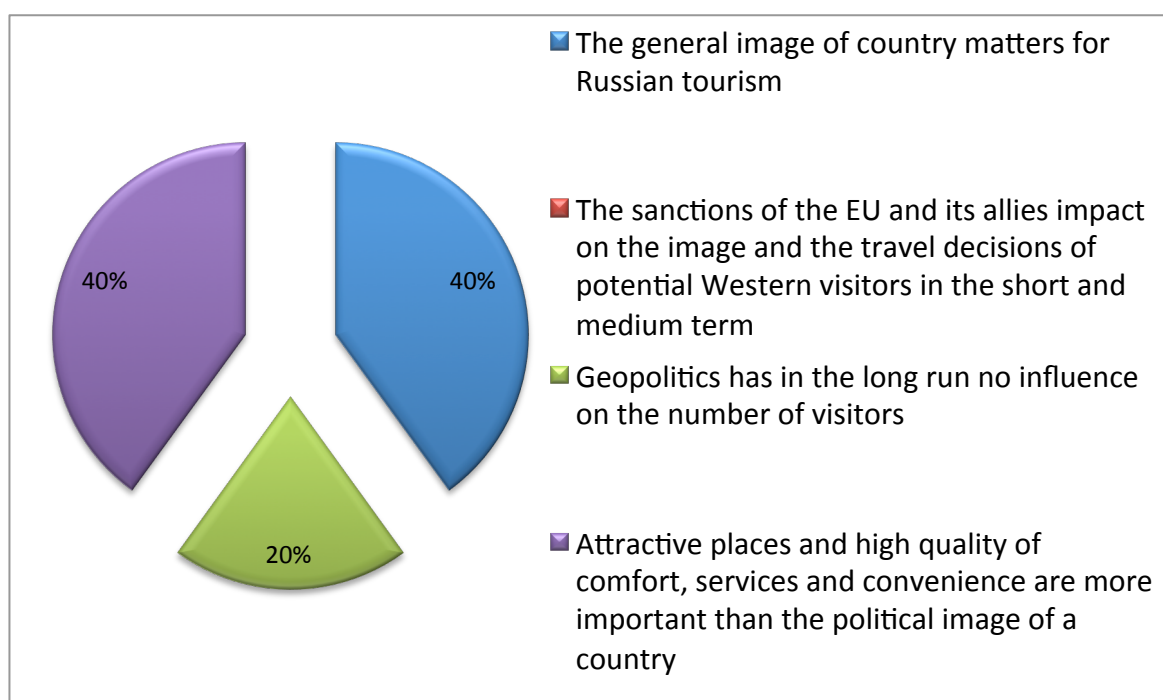
Social tourism lost somewhat its importance in the Russian Federation despite the fact that the Federal government restarted, at least legally, to stimulate this form of tourism.

One expert mentions that a majority of the companies are owned by the State and do still pay trips to domestic destinations. Others think that the time is over where trade unions were

subsidized in order to stimulate social tourism. They think that even if social tourism is stimulated by the state it will not contribute to additional growth of domestic tourism.

One expert is of the opinion that social tourism facilities could dampen and not increase the quality of domestic tourism. Another one is of the opinion, that in the longer run, the income per capita could increase and the domestic tourism facilities enlarge what could enhance competition and lower the prices for all strata of the population.

Question 7: How much impact geopolitical issues on the Russian image as tourism destination?



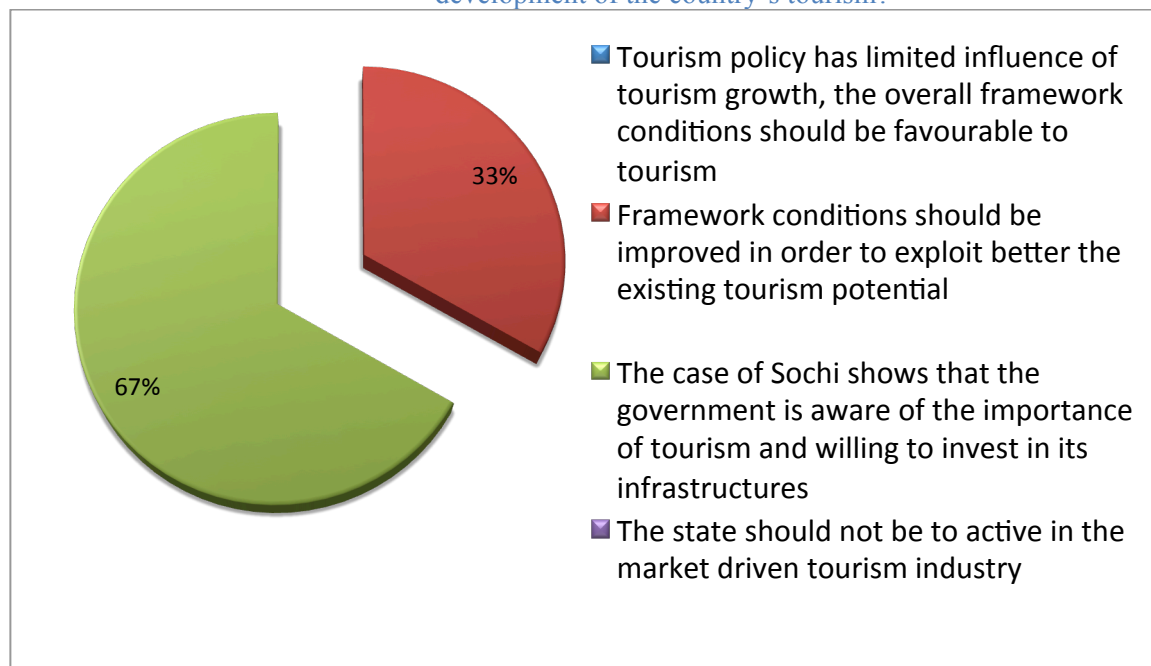
For most of the experts, the attractiveness of the destinations, the level of quality and the prices matter more than geopolitics in the case of the Russian Federation.

The political image is not an important impediment for Russian incoming business. Visitors are more looking on the existing attractions, the security and the prices of a destination.

The experts think that Russian Federation's image is positive since the country is considered as being unique, authentic and cheap. They think that the positive impacts of the cheap tourism policy of state is considered as somewhat symbolic. Positive laws are often not implemented. The development of the framework condition which means the accompanying policies in the field of liberalization at the border, the infrastructure and the territorial planning, is considered as more important than the promotional policies. The experts are

aware that the country is huge, the needs in infrastructure high and the funds for tourism small. There is some scepticism about big development projects of the state such as Sochi because of its adverse impacts. The rise of the income per capita and the existence of entrepreneurship are considered as more important than the direct intervention of the state.

Question 8: How do you judge the influence of the Russian Federation's tourism policy on growth and development of the country's tourism?



The tourism policy of state is considered as somewhat symbolic. Positive laws are often not implemented. The development of the framework condition, which means the accompanying policies in the field of liberalization at the border, the infrastructure and the territorial planning, is considered as more important than the promotional policies. The experts are aware that the country is huge, the needs in infrastructure high and the funds for tourism small. There is some scepticism about big development projects of the state such as Sochi because of its adverse impacts. The rise of the income per capita and the existence of entrepreneurship are considered as more important than the direct intervention of the state.

3.3. Second round of the Delphi survey

The summary of the answers of the first round of questions was submitted to the panellists for agreement. They had the opportunity to accept or to reject the summary as a whole and to make comments on statements on which they didn't agree. Furthermore, we put two questions on how you consider the international competitiveness of Russian tourism and the measures to be taken to accelerate this process.

Question 1: Do you agree on the summary above?

The experts **agreed in principle** on the summary based upon the first round of the Delphi survey. This is why they indicated on the possible scale of answers to the question the box with the indication “**Rather yes**”.

Nevertheless, they didn’t accept the text of the summary without some changes they proposed to the author of the study in form of **comments**.

Change from planned to market driven economy

The change from a planned to a market driven economy is seen as a stimulating factor for tourism, particularly for incoming and outgoing tourism. In the case of incoming tourism, one expert mentioned that the changes in the available income of potential foreign visitors are as important as the change of the economic system.

Comment:

Almost agree but the liberalisation at the border is a prerequisite for the functioning of the market economy.

The direct influence of the introduction of market economy on domestic and social tourism was judged as not strong since these two forms of tourism were well developed in the former planned economy. An important point of view expressed was that the former USSR was much bigger than the actual Russian Federation and had therefore from a statistical point of view more domestic tourism. An interesting point was raised for social tourism. It was said that social tourism lost its popularity with the opening of the borders which made foreign destinations more affordable for many people.

Comment:

I completely disagree. The influence of the introduction of the market economy on domestic tourism was very strong. Both forms of tourism declined. Domestic tourism is only recovering a long period after the change of system. Social tourism will probably never get back its lost position.

Ruble crisis and future of outgoing tourism

There is unanimity that the ruble crisis didn't influence strongly the behaviour of those Russian travellers who can afford prestigious trips. The group of these visitors which is used to travel abroad and which lives in general in economically strong agglomerations, declined only by a one digit percentage in the most of its preferred destinations.

It is said that the middle class travellers reduced significantly their trips to more expensive destinations. They stayed at home but not only because of the ruble crisis. They also stopped to travel for security reasons. This concerns foreign destinations such as Turkey or Egypt.

Russian outgoing tourism is supposed not to weaken in the long range, also because national tourism (incoming and domestic) cannot always fit to international standards of comfort, service and convenience. High quality supply in the field of tourism is considered as cheaper abroad as in Russia. This is an important reason for the lower and middle classes to travel abroad.

The experts agreed on this text.

International competitiveness of Russian tourism supply

Coming to the question of quality of the supply, experts are of the opinion that Russian tourism is very diverse and offers different levels of comfort, quality and convenience. The experts think that Russian tourism supply will still need a couple of years or years for competing with the best Western European quality standards. Competitive tourism clusters depend worldwide on long specialisation processes which lasted in all successful tourism places or resorts for years, particularly if they are to be built for international tourism. There is an urgent need to improve the transport infrastructure (inbound flights, rail and bus connections), accommodation and restaurants.

The experts think that Russian tourism supply will need a long period for competing with the best Western European quality standards. There is for attracting more international visitors an urgent need to improve the transport infrastructure (inbound flights, rail and bus connections), accommodation and restaurants.

The expert agreed in general but there were different ideas about the horizon which will be needed to raise the average Russian level of comfort, service quality and convenience.

Future growth of Russian incoming tourism

Despite the quality problem, all experts agree on the optimistic incoming scenario of UNWTO on future growth of Russian incoming tourism. They think that it will be easy for Russia to increase the number of foreign travellers from now 30 to 40 million people in 2030.

In the short term, the low value of the Ruble will make travelling to Russia cheaper for people who don't care about politics. Russia with its important natural and cultural resources and its authentic lifestyle has an important tourism potential and a corresponding appeal for foreign visitors.

Comment:

At the moment the price is not a matter because of lower exchange rate of Ruble to foreign currencies. Very often the lack of information and promotion does not allow intensifying the incoming tourism to Russia.

Comment:

Concerning the incoming tourism and quality of the infrastructure I can say that it is actively developing last years because of the large scale international events which take places in the biggest cities of Russia. For example St. Petersburg is hosting these days International Economic Forum. And this city is able to offer all participants the quality standard accommodation and other means of infrastructure. Undoubtedly there is potential for Russia to develop more and more in order to attract more money flow in the country. And this goal could be easily achieved in few years.

Opportunities and challenges for Russian domestic tourism

The experts considered the potential of domestic tourism as high. This is particularly the case for famous destinations like St. Petersburg, the Golden Ring or Sochi.

The tourism infrastructure and the supply of services in the provinces is not considered as satisfactory. The experts think that prices for travelling inside the huge country are too expensive. A trip from St. Petersburg to Siberia is more expensive than a trip to Western Europe.

Nevertheless, there are experts who think that the Federal state should help to rejuvenate or develop places and regions with tourism potential such as it did for Sochi by being host of the Olympic Winter Games.

One expert pointed out that there is no local will for developing domestic tourism since “Dachas” covers largely the needs for those who want to stay in the country. Furthermore, the willingness to develop tourism is often not existent in places and regions with industrial and agricultural cultures.

Comment

Regional tourism has huge potential even now but promotion and advertising are very bad. Such regions like Caucasus, Karelia, Ladoga lake, Ural, Siberia, Polar zone and Far East (Taymyr Peninsula, Kamchatka, Altai, Baikal lake) are even more attractive than worldwide famous tourist centres especially with respect to wild nature, eco-tourism, culinary tourism, hunting fishing or safari tours. The only problem is that they are not well known as others.

Comment

I do not quite agree with the opinion that “there is no local will for developing domestic tourism I’m sure there is not enough specialised education and staff available to support the change and challenges of the local tourism. Though, the personal experience of people who had chance in the last 15 years to travel abroad - is the key driving force to apply “the touristic” culture in the places of their origin.

Influence of geopolitics on tourism

For most of the experts, the attractiveness of the destinations, the level of quality and the prices matter more than geopolitics in the case of the Russian Federation.

The political image is not an important impediment for Russian incoming business. Visitors are more looking on the existing attractions, the security and the prices of a destination.

The experts think that Russian Federation’s image is positive since the country is considered as being unique, authentic and cheap. They think that the positive impacts of the cheap currency are higher than the negative impacts of the sanctions.

The experts agreed on this text.

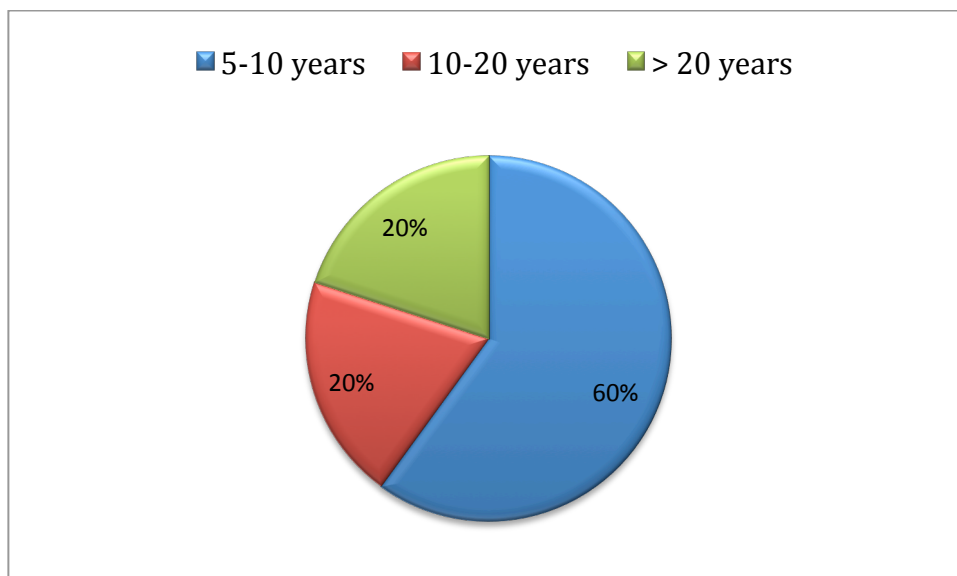
Role of the state

The tourism policy of state is considered as somewhat symbolic. Positive laws are often not implemented. The development of the framework condition which means the accompanying policies in the field of liberalization at the border, the infrastructure and the territorial planning, is considered as more important than the promotional policies. The experts are aware that the country is huge, the needs in infrastructure high and the funds for tourism small. There is some skepticism about big development projects of the state such as Sochi because of its adverse impacts. The rise of the income per capita and the existence of entrepreneurship are considered as more important than the direct intervention of the state.

Nevertheless, the following measures are particularly important to be developed: liberalizing border restrictions, improving transport infrastructure, increasing financial support for the National Tourism Office and giving financial incentives (capital, tax reduction) for the rejuvenation of tourism related infrastructures.

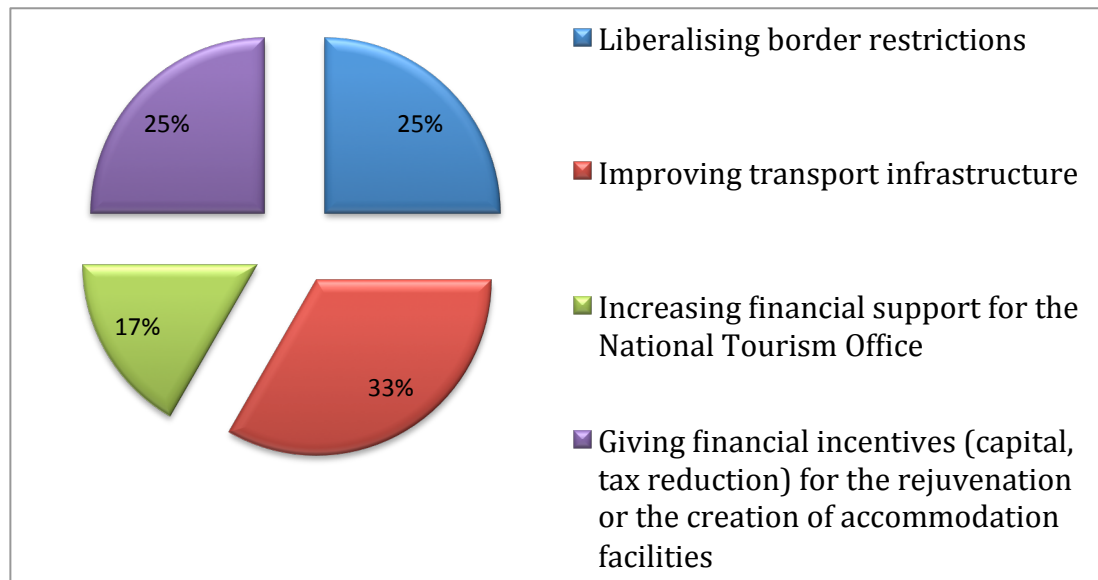
The experts agreed on the text.

Question 2. In which time period will Russian national tourism (incoming and domestic) become internationally competitive in order to make tourism growth more stable against crises?



The majority of experts are forecasting the entrance of the Russian tourism on the international arena in nearest 5-10 years. However there are still some opinions about longer perspective for changes in the Russian national tourism.

Question 3. What is the role of the state for boosting tourism in the Russian Federation (multiple answers are allowed)



There is no consensus among experts about the best practices for the government for boosting the development of the tourism. Multiple actions have to be taken in order to improve this sector of economy. However the heaviest problem is seen as lack of sufficient transport infrastructure.

3.4. The Delphi panellist's consensus

Change from planned to market driven economy

The change from a planned to a market driven economy is seen as a stimulating factor for tourism for incoming and outgoing tourism. The liberalisation of international through cross-border regulations was a strong stimulating factor for international tourism which is now is more market driven and subject to changes e.g. in the field of the exchange rates or the available income.

The internationalisation of Russian tourism had an adverse impact on domestic and social tourism. Foreign destinations became affordable for potential Russian visitors by offering attractive facilities and appreciated services. Domestic tourism declined and is only now

adapting to the new framework conditions. Social tourism will under market economy conditions probably never get back the importance it had in the system of planned economy.

Ruble crisis and future of outgoing tourism

There is unanimity that the ruble crisis didn't influence strongly the behaviour of those Russian travellers who can afford prestigious trips. The group of these visitors which is used to travel abroad and which lives in general in economically strong agglomerations, declined only by a one digit percentage in the most of its preferred destinations.

It is said that the middle class travellers reduced significantly their trips to more expensive destinations. They stayed at home but not only because of the ruble crisis. They also stopped to travel for security reasons. This concerns foreign destinations such as Turkey or Egypt.

Russian outgoing tourism is supposed not to weaken in the long range, also because national tourism (incoming and domestic) cannot always fit to international standards of comfort, service and convenience. High quality supply in the field of tourism is considered as cheaper abroad as in Russia. This is an important reason for the lower and middle classes to travel abroad.

Quality of the supply

Coming to the question of quality of the supply, experts are of the opinion that Russian tourism is very diverse and offers different levels of comfort, quality and convenience. The experts think that Russian tourism supply will still need a couple of years or years for competing with the best Western European quality standards.

Competitive tourism clusters depend worldwide on long specialisation processes which lasted in all successful tourism places or resorts for years, particularly if they are to be built for international tourism. There is an urgent need to improve the transport infrastructure (inbound flights, rail and bus connections), accommodation and restaurants.

The experts think that Russian tourism supply will need a long period for competing with the best Western European quality standards. There is for attracting more international visitors an urgent need to improve the transport infrastructure (inbound flights, rail and bus connections), accommodation and restaurants.

Future growth of Russian incoming tourism

Despite the quality problem, all experts agree on the optimistic incoming scenario of UNWTO on future growth of Russian incoming tourism. They think that it will be easy for Russia to increase the number of foreign travellers from now 30 to 40 million people in 2030.

In the short term, the low value of the Ruble will make travelling to Russia cheaper for people who don't care about politics. Russia with its important natural and cultural resources and its authentic lifestyle has an important tourism potential and a corresponding appeal for foreign visitors.

Concerning the incoming tourism, the large scale international events taking place in the big Russian cities stimulated the development of sophisticated tourism related infrastructures. As an example, St. Petersburg is hosting annually the International Economic Forum. The city is able to offer all participants international standards of comfort, service quality and convenience.

Opportunities and challenges of domestic tourism

The experts considered the potential of domestic tourism as high. This is particularly the case for famous destinations like St. Petersburg, the Golden Ring or Sochi. There also many other regions with important attractions which unfortunately not well or even bad promoted. Such regions like Caucasus, Karelia, Ladoga lake, Ural, Siberia, Polar zone and Far East (Taymyr Peninsula, Kamchatka, Altai, Baikal lake) are even more attractive than worldwide famous tourist centres especially with respect to wild nature, eco-tourism, culinary tourism, hunting fishing or safari tours. The only problem is that they are not well known as others.

It can partly not be exploited because of lacking infrastructures and services. Furthermore, prices for travelling inside the huge country are sometimes too expensive. A trip from St. Petersburg to Siberia is more expensive than a trip to Western Europe.

There are experts who think that the Federal state should help to rejuvenate or develop places and regions with tourism potential such as it did for Sochi by being host of the Olympic Winter Games.

The developing of domestic tourism depends on the available income of the population. Many people who can afford, own secondary homes on the country side. On the supply side,

further efforts for education and vocational training could stimulate the private initiative in order to develop domestic tourism.

Social tourism

Social tourism lost its importance in the Russian Federation despite the fact that the Federal government restarted, at least legally, to stimulate this form of tourism.

There was mentioned that many companies are still owned by the State and pay trips to domestic destinations. Others think that the time is over where trade unions were subsidized in order to stimulate social tourism. They think that even if social tourism is stimulated by the state it will not contribute to additional growth of domestic tourism.

There has been put forward the assumption that social tourism facilities could dampen and not increase the quality of domestic tourism. Another one is of the opinion, that in the longer run, the income per capita could increase and the domestic tourism facilities enlarge what could enhance competition and lower the prices for all strata of the population.

Influence of geopolitics on tourism

For most of the experts, the attractiveness of the destinations, the level of quality and the prices matter more than geopolitics in the case of the Russian Federation.

The political image is not an important impediment for Russian incoming business. Visitors are more looking on the existing attractions, the security and the prices of a destination.

The experts think that Russian Federation's image is positive since the country is considered as being unique, authentic and cheap. They think that the positive impacts of the cheap currency are higher than the negative impacts of the sanctions.

Role of the state

The tourism policy of state is considered as somewhat symbolic. Positive laws are often not implemented. The development of the framework condition which means the accompanying policies in the field of liberalization at the border, the infrastructure and the territorial planning, is considered as more important than the promotional policies.

The experts are aware that the country is huge, the needs in infrastructure high and the funds for tourism small. There is some skepticism about big development projects of the state such as Sochi because of its adverse impacts. The rise of the income per capita and the existence of entrepreneurship are considered as more important than the direct intervention of the state.

Nevertheless, the following measures are particularly important to be developed: liberalizing border restrictions, improving transport infrastructure, increasing financial support for the National Tourism Office and giving financial incentives (capital, tax reduction) for the rejuvenation of tourism related infrastructures.

4. Contextualisation

4.1. The results of the case study in the context of the overall statistics

The Russian case study shows definitely that the framework condition of a country play a decisive role for tourism growth and development. The transition from a planned economy to a market driven economy contributed to increase the number international arrivals and receipts strongly. In the last two decades, the international arrivals grew from about 10 to 30 million whereas the receipts increased from 22 to 57 billion US Dollars. The tourism potential of the Russian Federation is not yet exploited despite the outstanding natural and cultural destination goods. The supply of internationally competitive goods, services and facilities still lags behind the competitors from the advanced economies and the other emerging countries.

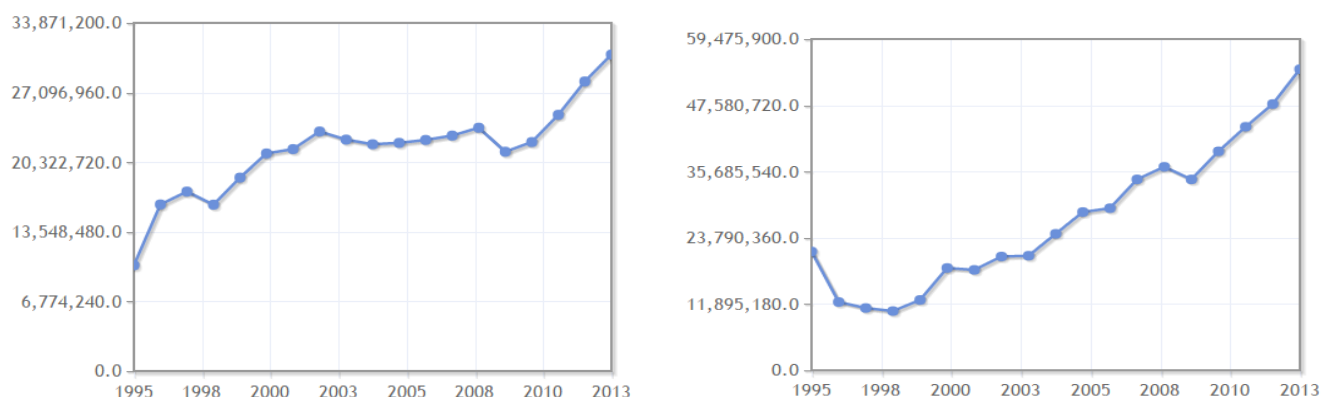


Figure 14 The growth of Russian international arrivals and receipts in the two last decades (UNWTO, 2016)

After the liberalisation of travelling for the Russian population, the outbound tourism grew even faster. Russians became important spenders for many destinations. Only interrupted by the financial crisis of 1998, it tripled from 200 to 2013. The decline is sharp since spring 2014 which proves again the importance of the political economics framework conditions. However, most of the expert forecast long term growth of outbound visits of Russians once the actual crisis would be mastered. What makes Russian outbound interesting for foreign destinations is the fact that the share of young visitors is high (65% under 35 years) and the number of first time visitors is high (60%). Furthermore, Russians stay longer in the hotels than visitors from other countries (Switzerland Tourism, 2016).

Domestic tourism is less successful than international tourism. Despite the fact that figures are lacking, the literature review shows definitely that the structural change of the supply is too slow in the country. It doesn't fit with the international standards of comfort, service quality and convenience. It is still largely based on social tourism which remains. The Russian Federation is in its metropolitan areas economically highly developed but in their hinterland and the vast rural areas it is like all the other emerging countries still poor.

The exogenous shocks in form of financial or oil crises and the following recession are not positive for the growth and development of domestic tourism. These shocks impact more the travel budget of the poorer and medium purchasing power categories than of the one of the upper ones. Tourism is a superior good which shrinks when there are economic crises due to adverse framework conditions.

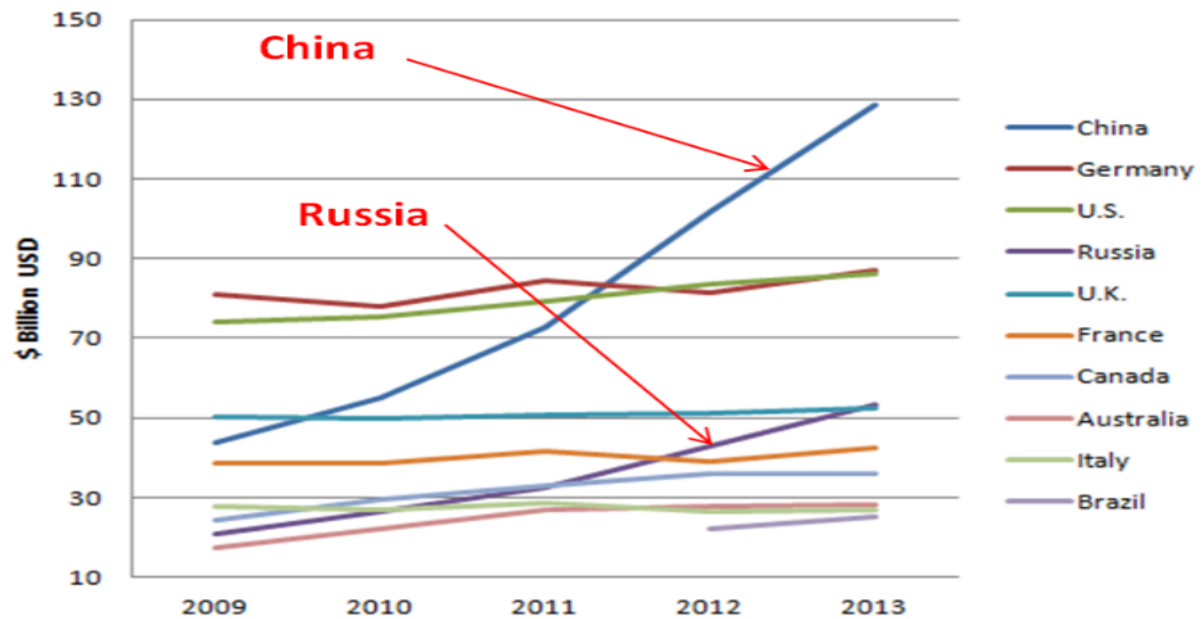


Figure 15 The Russian outgoing tourism had one of the strongest growths (UNWTO, 2016)

4.2. Conclusions

The main objective of the study was to identify and assess the impact of framework conditions on the development of tourism in the Russian Federation. In this regard, the main research question was to determine the role of framework conditions for the development of the potential of the Russian tourism. Inbound, outbound and domestic tourism were analyzed in detail from theoretical and practical point of view, based on the opinion on the review of the literature and a theoretical model of hypothesis. . The results of the bachelor thesis are clear. Tourism growth and development depends largely on the economic and political framework conditions a given political territory can offer. The impact of these framework conditions on tourism as a cross-sector economic phenomenon using the existing natural, cultural and man-made resources of a given country are important for all forms of tourism.

The importance of the framework conditions were analyzed in this study by taking the example of the Russian Federation where these conditions changed profoundly and had therefore a strong impact on growth and development of tourism. The systemic change from planned to market economy boosted international tourism, both incoming and outgoing tourism by the liberalization and deregulation. It also stimulates the ongoing process of structural change of the Russian tourism supply which is needed to be internationally competitive.

The answers to the research questions were found in the literature review and supported by expert estimates. The overall economic situation in the country directly affects all elements of the national economy, which in turn are directly connected with internal and foreign policy factors. Structural change of the economic system from a planned to a market economy affected all spheres of activities, where tourism is no exception.

Experts in the field of tourism are unanimous in their opinion about the stimulation of the flow of foreign tourists arriving in Russia after the collapse of the planned system. Statistics on the boom in outbound tourism are also supported by expert opinions. The economy of the Russian Federation has a wavelike character; it is characterized by ups and downs, as evidenced by a number of major economic crises, which directly affect the quality of life of citizens.

However, even despite the instability in the economy remain the trends of Russian citizens going abroad. This is due primarily to the absence of world standards of quality and comfort in the major tourist destinations of Russia. Government policies aimed at the development of domestic tourism, has a positive assessment from an expert point of view, however, the pace of progress is not fast enough.

Great potential of Russian tourism was highlighted not only in the literature review but also in the words of the experts. Attracting the attention of international community to the tourist objects of Russia is positive. A number of worldwide events, such as the Winter Olympic games in Sochi, International economic forums, the upcoming world Cup, are an investment in the development of the tourism potential of the country.

In the next five to ten years the level of tourism development has all chances to get closer to international standards and to increase inbound tourism.

4.3. Limitations

. The first limitation is directly related to the lack of literature about the contemporary impact of political, economic and other factors on the growth of the tourism sector in a such a country in transition like Russia. Rapidly changing foreign policy, geopolitical, and macroeconomic factors do not allow to fully capture the current picture of the tourism sector.

The second limitation relates to database A detailed study of framework conditions needs much more statistical data at the appropriate territorial level which is mostly regional and local. This is particularly important for developing tourism as a tool of regional policies.

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Appendix 1. Delphi questionnaire round one

The influence of changing framework conditions on tourism: the case of the Russian Federation

The Delphi method allows finding a consensus among experts about an issue of the future. In the case of this study a few experts are questioned about the influence of economic and political framework conditions on the future of the Russian tourism.

The principal research question of the study is **if difficult framework conditions can be in the longer run a brake for the exploitation of the Russian tourism potential**. Such changing framework conditions are the systemic change from the planned to the market driven economy with its strong fluctuations of the demand and its destruction of outdated supply structures.

The literature review showed that **the liberalisation at the border stimulated the demand**, both for outgoing and incoming tourism. It also proved that **international tourism in market economies suffers from always more and more frequently economic and political crises** which contribute to heavy losses of visitors' flows and values. Furthermore, **competition makes visible structural weaknesses of the national tourism** which includes the incoming and the domestic tourism. Russia still has a problem to adapt its comfort, quality and service standards to the highest international standards.

Questions

1. Did the change from planned to market economy stimulate all forms of tourism?

	Yes	No
Incoming tourism	<input type="checkbox"/>	<input type="checkbox"/>
Outgoing tourism	<input type="checkbox"/>	<input type="checkbox"/>
Domestic tourism	<input type="checkbox"/>	<input type="checkbox"/>
Social tourism	<input type="checkbox"/>	<input type="checkbox"/>

In case that the change **did not stimulate** one or more forms of tourism, please indicate for which reasons?

2. Will outgoing tourism, the visits of Russian residents abroad grow again strongly once the Ruble crisis is over?

- ☐ Yes, the Russian of the higher purchasing classes will visit the most sophisticated destinations once the value of the Ruble increases
- ☐ Yes, the Russian like the prestige of visiting the worldwide best destinations
- ☐ Yes, outgoing tourism is a must for Russian people if they can afford visits abroad
- ☐ No, also Russian of the higher purchasing categories will remain more in the country if destinations are attractive and the supply good

Comments:

3. Can Russian tourism supply fit to international standards?

	In general yes	there are gaps	in general no
Comfort	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Service quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments: _____

4. The future scenario of World Tourism Organisation UNWTO counts with 40 million arrivals of international visitors in Russia for 2030, today there are about 30 million international arrivals from abroad. Do you think that the Russian Federation can exploit this potential?

- ☐ Yes, easily
- ☐ Yes, soon if the sanction disappear in reasonable time
- ☐ No, the supply lags behind

Comments :

5. What are the opportunities and the challenges for Russian domestic tourism?

- ☐ There is still a huge potential for domestic tourism
- ☐ The state's initiative to strengthen domestic tourism such as skiing in Sochi will convince Russian to stay at home
- ☐ More people will renounce to travel abroad and stay at home
- ☐ Trips and stay to secondary homes "dacha" will remain the most important domestic market

Comments:

6. Social tourism was in the former Soviet Union planned and organised by the trade unions on behalf of the state. What does it contribute to strengthen domestic tourism and is it still an important segment of the national tourism market (outgoing and domestic)?

- ☐ It lost its importance
- ☐ It is still important for domestic tourism
- ☐ The average income per capita is so low that many people cannot go anymore on holiday
- ☐ The former trade and similar institution are still heavy player in the field of tourism
- ☐ The new tourism law stimulates social tourism as a tool to allow holiday to everybody

Comments:

7. How much impact geopolitical issues on the Russian image as potential tourism destination?

- ☐ The general image of country matters for Russian tourism
- ☐ The sanctions of the EU and its allies impact on the image and the travel decisions of potential Western visitors in the short and medium term
- ☐ Geopolitics has in the long run no influence on the number of visitors
- ☐ Attractive places and high quality of comfort, services and convenience are more important than the political image of a country

Comments:

8. How do you judge the influence of the Russian Federation's tourism policy on growth and development of the country's tourism?

- ☐ Tourism policy has limited influence of tourism growth, the overall framework conditions should be favourable to tourism
- ☐ Which framework condition should be improved in order to exploit better the existing tourism potential
- ☐ The case of Sochi shows that the government is aware of the importance of tourism and willing to invest in its infrastructures
- ☐ The state should not be too active in the market driven tourism industry

Comments:

Thank you for your answer

I will now collect the answers of the experts and summarize them. Then I will come on you for a second round of questions in order to come nearer to a sort of consensus. If there are still bigger differences, I will come back for short third round.

Appendix 2. Delphi questionnaire round two

The influence of changing framework conditions on tourism:

The case of the Russian Federation

We thank you very much for your willingness to participate into our expert panel and your very valuable contribution to the First Round of questions!

We approach you for a Second Round of survey in the process of achieving a sort of consensus.

The goals of the Second Round of the survey

The Delphi method helps to find a general agreement on a probable future scenario. We analysed in our study the impact of economic and political framework conditions on growth and development of the most important forms of tourism for the Russian Federation. We are looking how our competent panel of experts is judging these impacts from a future oriented perspective. The first round of our survey showed converging answers for most of the questions but also divergent ones. We tried to compile in the summary of your answers to our questions. We want to ask you if you agree in principle with our analysis. We submit to you the following summary for giving you the possibility to add comments. The goal is to reach in short third round a consensus among all five experts.

The summary of the answers

The summary of the results of the First Round of the survey are the following:

Change from planned to market driven economy

The change from a planned to a market driven economy is seen as a stimulating factor for tourism, particularly for incoming and outgoing tourism. In the case of incoming tourism, one expert mentioned that the changes in the available income of potential foreign visitors are as important as the change of the economic system.

The direct influence of the introduction of market economy on domestic and social tourism was judged as not strong since these two forms of tourism were well developed in the former planned economy. An important point of view expressed was that the former USSR was much

bigger than the actual Russian Federation and had therefore from a statistical point of view more domestic tourism. An interesting point was raised for social tourism. It was said that social tourism lost its popularity with the opening of the borders which made foreign destinations more affordable for many people.

Ruble crisis and future of outgoing tourism

There is unanimity that the ruble crisis didn't influence strongly the behaviour of those Russian travellers who can afford prestigious trips. The group of these visitors which is used to travel abroad and which lives in general in economically strong agglomerations, declined only by a one digit percentage in the most of its preferred destinations.

It is said that the middle class travellers reduced significantly their trips to more expensive destinations. They stayed at home but not only because of the ruble crisis. They also stopped to travel for security reasons. This concerns foreign destinations such as Turkey or Egypt.

Russian outgoing tourism is supposed not to weaken in the long range, also because national tourism (incoming and domestic) cannot always fit to international standards of comfort, service and convenience. High quality supply in the field of tourism is considered as cheaper abroad as in Russia. This is an important reason for the lower and middle classes to travel abroad.

International competitiveness of Russian tourism supply

Coming to the question of international competitiveness of the supply, experts are of the opinion that Russian tourism is very diverse and offers different levels of comfort, quality and convenience. Some have international standards but they are normally very expensive and not affordable for the Russian middle class.

The experts think that Russian tourism supply will need a long period for competing with the best Western European quality standards. One expert speaks about decades which would be necessary for Russian tourism to become on a larger scale internationally more competitive. There is an urgent need to improve the transport infrastructure (inbound flights, rail and bus connections), accommodation and restaurants.

Future growth of Russian incoming tourism

Despite the quality problem, all experts agree on the optimistic incoming scenario of UNWTO on future growth of Russian incoming tourism. They think that it will be easy for Russia to increase the number of foreign travellers from now 30 to 40 million people in 2030.

In the short term, the low value of the Ruble will make travelling to Russia cheaper for people who don't care about politics. Russia with its important natural and cultural resources and its authentic lifestyle has an important tourism potential and a corresponding appeal for foreign visitors.

Opportunities and challenges for Russian domestic tourism

The experts considered the potential of domestic tourism as high. This is particularly the case for famous destinations like St. Petersburg, the Golden Ring or Sochi.

The tourism infrastructure and the supply of services in the provinces is not considered as sufficient. The experts think that prices for travelling inside the huge country are too expensive. A trip from St. Petersburg to Siberia is more expensive than a trip to Western Europe.

Nevertheless, there are experts who think that the Federal state should help to rejuvenate or develop places and regions with tourism potential such as it did for Sochi by being host of the Olympic Winter Games.

One expert pointed out that there is no local will for developing domestic tourism since "Dachas" covers largely the needs for those who want to stay in the country. Furthermore, the willingness to develop tourism is often not existent in places and regions with industrial and agricultural cultures.

Social tourism

Social tourism lost somewhat its importance in the Russian Federation despite the fact that the Federal government restarted, at least legally, to stimulate this form of tourism.

One expert mentions that a majority of the companies are owned by the State and do still pay trips to domestic destinations. Others think that the time is over where trade unions were

subsidized in order to stimulate social tourism. They think that even if social tourism is stimulated by the state it will not contribute to additional growth of domestic tourism.

One expert is of the opinion that social tourism facilities could dampen and not increase the quality of domestic tourism. Another one is of the opinion that in the longer run, the income per capita could increase and the domestic tourism facilities enlarge what could enhance competition and lower the prices for all strata of the population.

Influence of geopolitics on tourism

For most of the experts, the attractiveness of the destinations, the level of quality and the prices matter more than geopolitics in the case of the Russian Federation.

The political image is not an important impediment for Russian incoming business. Visitors are more looking on the existing attractions, the security and the prices of a destination.

The experts think that Russian Federation's image is positive since the country is considered as being unique, authentic and cheap. They think that the positive impacts of the cheap currency are higher than the negative impacts of the sanctions.

Role of the state

The tourism policy of state is considered as somewhat symbolic. Positive laws are often not implemented. The development of the framework condition which means the accompanying policies in the field of liberalization at the border, the infrastructure and the territorial planning, is considered as more important than the promotional policies. The experts are aware that the country is huge, the needs in infrastructure high and the funds for tourism small. There is some skepticism about big development projects of the state such as Sochi because of its adverse impacts. The rise of the income per capita and the existence of entrepreneurship are considered as more important than the direct intervention of the state.

Questions

1. Do you agree on the summary above?

☐ Not at all ☐ Rather not ☐ Neither no nor yes ☐ Rather yes ☐ Absolutely

2. Are there important things we should add to the comments?

3. What is the role of the state for boosting tourism in the Russian Federation (multiple answers are allowed)

☐ Liberalising border restrictions

☐ Improving transport infrastructure

☐ Increasing financial support for the National Tourism Office

☐ Giving financial incentives (capital, tax reduction) for the rejuvenation or the creation of accommodation facilities

☐ Others _____

4. In which time period will Russian national tourism (incoming and domestic) become internationally competitive in order to make tourism growth more stable against crises?

☐ 5-10 years

☐ 10-20 years

☐ > 20 years

Thank you very much! We will come back with the summary of your answers.

Appendix 3. Delphi questionnaire round three

Third and final round of the Delphi

Dear Experts,

We thank you for your answers to the second round of questions.

We summarized the results of the first round of the Delphi survey. We have given you in the second round the opportunity to comment our summary.

Furthermore, we put two questions on how you consider the international competitiveness of Russian tourism and the measures to be taken to accelerate this process.

You agreed in principle on the summary we proposed. You also agreed that it needs a couple of years before Russian tourism supply will get international competitiveness. There are only differences on how long this could last.

All the experts agreed on the proposed measures which the state should take in order to boost this process. There are only some differences about the priority of these measures.

We therefore think that we can close the Delphi survey with a third round if you agree on the final texts of the revised summary (written into the boxes below) which takes into account your comments.

Your answers to the questions

Do you agree on the summary above?

☐ Not at all ☐ Rather not ☐ Neither no nor yes ☒ Rather yes ☐ Absolutely

We asked you in our first question of the second round if you could agree on our **summary of the first round of questions to the experts.**

All of you agreed by using the category “**rather yes**”. The reason is that **you didn’t agree on some of the remarks we made in the summary.**

The sentences in the text on which you didn’t agree **are put in bold characters.**

Our proposals for a compromise in order to reach a consensus are put *in bold italic characters.*

Change from planned to market driven economy

The change from a planned to a market driven economy is seen as a stimulating factor for tourism, particularly for incoming and outgoing tourism. **In the case of incoming tourism, one expert mentioned that the changes in the available income of potential foreign visitors are as important as the change of the economic system.**

Comment: Almost agree. Not only because of economic reasons but also thanks to more liberal cross-border regulations.

The direct influence of the introduction of market economy on domestic and social tourism was judged as not strong since these two forms of tourism were well developed in the former planned economy. **An important point of view expressed was that the former USSR was much bigger than the actual Russian Federation and had therefore from a statistical point of view more domestic tourism. An interesting point was raised for social tourism. It was said that social tourism lost its popularity with the opening of the borders which made foreign destinations more affordable for many people.**

Comment: I completely disagree. The negative influence was fatally strong. The domestic and social tourism were completely destroyed. Only recently domestic tourism is recovering. The social tourism probably will never be recovered.

Proposed final text by the author of the study***Change from planned to market driven economy***

The change from a planned to a market driven economy is seen as ***a stimulating factor for tourism for incoming and outgoing tourism. The liberalisation of international through cross-border regulations was a strong stimulating factor for international tourism which is now more market driven and subject to changes e.g. in the field of the exchange rates or the available income.***

The internationalisation of Russian tourism had an adverse impact on domestic and social tourism. Foreign destinations became affordable for potential Russian visitors by offering attractive facilities and appreciated services. ***Domestic tourism declined and is only now adapting to the new framework conditions. Social tourism will under market economy***

conditions probably never get back the importance it had in the system of planned economy.

Ruble crisis and future of outgoing tourism

There is unanimity that the ruble crisis didn't influence strongly the behaviour of those Russian travellers who can afford prestigious trips. The group of these visitors which is used to travel abroad and which lives generally in economically strong agglomerations, declined only by a one digit percentage in the most of its preferred destinations.

It is said that the middle class travellers reduced significantly their trips to more expensive destinations. They stayed at home but not only because of the ruble crisis. They also stopped to travel for security reasons. This concerns foreign destinations such as Turkey or Egypt.

Russian outgoing tourism is supposed not to weaken in the long range, also because national tourism (incoming and domestic) cannot always fit to international standards of comfort, service and convenience. High quality supply in the field of tourism is considered as cheaper abroad as in Russia. This is an important reason for the lower and middle classes to travel abroad.

Proposed final text by the author

Ruble crisis and future outgoing tourism

No changes since all experts agree on the text.

Quality of the supply

Coming to the question of quality of the supply, experts are of the opinion that Russian tourism is very diverse and offers different levels of comfort, quality and convenience. The experts think that Russian tourism supply will still need **a couple of years** for competing with the best Western European quality standards. Competitive tourism clusters depend worldwide on long specialisation processes which lasted in all successful tourism places or resorts for years, particularly if they are to be built for international tourism. There is an urgent need to improve the transport infrastructure (inbound flights, rail and bus connections), accommodation and restaurants.

The experts think that Russian tourism supply will need a long period for competing with the best Western European quality standards. There is for attracting more international visitors an urgent need to improve the transport infrastructure (inbound flights, rail and bus connections), accommodation and restaurants.

Comment: At the moment the price is not a matter because of lower exchange rate of Ruble to foreign currencies. Very often the lack of information and promotion does not allow intensifying the incoming tourism to Russia.

Proposed final text by the author of the study

Quality of supply

There is maybe a misunderstanding concerning the comment. The question concerns the quality of the supply and not the price competitiveness which is actually very high since the exchange rate for the ruble is low. We propose to change the title of the paragraph.

Future growth of Russian incoming tourism

Despite the quality problem, all experts agree on the optimistic incoming scenario of UNWTO on future growth of Russian incoming tourism. They think that it will be easy for Russia to increase the number of foreign travellers from now 30 to 40 million people in 2030.

In the short term, the low value of the Ruble will make travelling to Russia cheaper for people who don't care about politics. Russia with its important natural and cultural resources and its authentic lifestyle has an important tourism potential and a corresponding appeal for foreign visitors.

Comments

Concerning the incoming tourism and quality of the infrastructure I can say that it is actively developing last years because of the large scale international events which take places in the biggest cities of Russia. For example St. Petersburg is hosting these days International Economic Forum. And this city is able to offer all participants the quality standard accommodation and other means of infrastructure. Undoubtedly there is potential for Russia to develop more and more in order to attract more money flow in the country. And this goal could be easily achieved in few years.

Proposed final text by the author of the study***Future growth of Russian incoming tourism***

Despite the quality problem, all experts agree on the optimistic incoming scenario of UNWTO on future growth of Russian incoming tourism. They think that it will be easy for Russia to increase the number of foreign travellers from now 30 to 40 million people in 2030.

In the short term, the low value of the Ruble will make travelling to Russia cheaper for people who don't care about politics. Russia with its important natural and cultural resources and its authentic lifestyle has an important tourism potential and a corresponding appeal for foreign visitors.

Concerning the incoming tourism, the large scale international events taking place in the big Russian cities stimulated the development of sophisticated tourism related infrastructures. As an example, St. Petersburg is hosting annually the International Economic Forum. The city is able to offer all participants international standards of comfort, service quality and convenience.

Opportunities and challenges for Russian domestic tourism

The experts considered the potential of domestic tourism as high. This is particularly the case for famous destinations like St. Petersburg, the Golden Ring or Sochi.

The tourism infrastructure and the supply of services in the provinces is not considered **as sufficient** satisfactory. The experts think that prices for travelling inside the huge country are too expensive. A trip from St. Petersburg to Siberia is more expensive than a trip to Western Europe.

Nevertheless, there are experts who think that the Federal state should help to rejuvenate or develop places and regions with tourism potential such as it did for Sochi by being host of the Olympic Winter Games.

One expert pointed out that there is no local will for developing domestic tourism since “Dachas” covers largely the needs for those who want to stay in the country. Furthermore, the willingness to develop tourism is often not existent in places and regions with industrial and agricultural cultures.

Comments

Regional tourism has huge potential even now but promotion and advertising are very bad. Such regions like Caucasus, Karelia, Ladoga lake, Ural, Siberia, Polar zone and Far East (Taymyr Peninsula, Kamchatka, Altai, Baikal lake) are even more attractive than worldwide famous tourist centres especially with respect to wild nature, eco-tourism, culinary tourism, hunting fishing or safari tours. The only problem is that they are not well known as others.

Comments

I do not quite agree with the opinion that “there is no local will for developing domestic tourism I’m sure there is not enough specialised education and staff available to support the change and challenges of the local tourism. Though, the personal experience of people who had chance in the last 15 years to travel abroad is the key driving force to apply “the touristic” culture in the places of their origin.

Proposed text by the author of the study

The experts considered the potential of domestic tourism as high. This is particularly the case for famous destinations like St. Petersburg, the Golden Ring or Sochi. There also many other regions with important attractions which unfortunately not well or even bad promoted. Such regions like Caucasus, Karelia, Ladoga lake, Ural, Siberia, Polar zone and Far East (Taymyr Peninsula, Kamchatka, Altai, Baikal lake) are even more attractive than worldwide famous tourist centres especially with respect to wild nature, eco-tourism, culinary tourism, hunting fishing or safari tours. The only problem is that they are not well known as others.

It can partly not be exploited because of lacking infrastructures and services. Furthermore, prices for travelling inside the huge country are sometimes too expensive. A trip from St. Petersburg to Siberia is more expensive than a trip to Western Europe.

There are experts who think that the Federal state should help to rejuvenate or develop places and regions with tourism potential such as it did for Sochi by being host of the Olympic Winter Games.

The developing of domestic tourism depends on the available income of the population. Many people who can afford, own secondary homes on the countryside. On the supply side,

further efforts for education and vocational training could stimulate the private initiative in order to develop domestic tourism.

Social tourism

Social tourism lost **somewhat** its importance in the Russian Federation despite the fact that the Federal government restarted, at least legally, to stimulate this form of tourism.

One expert mentions that a majority of the companies are owned by the State and do still pay trips to domestic destinations. Others think that the time is over where trade unions were subsidized in order to stimulate social tourism. They think that even if social tourism is stimulated by the state it will not contribute to additional growth of domestic tourism.

One expert is of the opinion that social tourism facilities could dampen and not increase the quality of domestic tourism. Another one is of the opinion that in the longer run, the income per capita could increase and the domestic tourism facilities enlarge what could enhance competition and lower the prices for all strata of the population.

Proposed text by the author

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Influence of geopolitics on tourism

For most of the experts, the attractiveness of the destinations, the level of quality and the prices matter more than geopolitics in the case of the Russian Federation.

The political image is not an important impediment for Russian incoming business. Visitors are more looking on the existing attractions, the security and the prices of a destination.

The experts think that Russian Federation's image is positive since the country is considered as being unique, authentic and cheap. They think that the positive impacts of the cheap currency are higher than the negative impacts of the sanctions.

Proposed final text of the author of the study***Influence of geopolitics on tourism***

No changes since all experts agree on the text.

Role of the state

The tourism policy of state is considered as somewhat symbolic. Positive laws are often not implemented. The development of the framework condition that means the accompanying policies in the field of liberalization at the border, the infrastructure and the territorial planning, is considered as more important than the promotional policies. The experts are aware that the country is huge, the needs in infrastructure high and the funds for tourism small. There is some skepticism about big development projects of the state such as Sochi because of its adverse impacts. The rise of the income per capita and the existence of entrepreneurship are considered as more important than the direct intervention of the state.

Proposed final text by the author of the study***Role of the state***

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Nevertheless, the following measures are particularly important to be developed: liberalizing border restrictions, improving transport infrastructure, increasing financial support for the National Tourism Office and giving financial incentives (capital, tax reduction) for the rejuvenation of tourism related infrastructures.

I hereby declare that I have carried out this final research project on my own without any help other than the references listed in the list of references and that I have only used the sources mentioned. I will not provide a copy of this paper to a third party without the permission of the department head and of my advisor, including the partner company with which I collaborated on this project, with the exception of those who provided me with information needed to write this paper and whose names follow.

 (Kochurova Elena)